

China's Relations with the Arab Gulf Monarchies: Three Case Studies

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Abstract

As China's international political role grows from that of a regional to a global power, its relations with states outside of its traditional sphere of interests is evolving. This is certainly the case of the Gulf Cooperation Council (GCC) member states, as levels of interdependence between China and the GCC have increased dramatically in recent years, and span across a wide range of interests. This dissertation asks the primary question: what motivating factors explain Chinese leadership's decision to forge closer ties to the GCC? Are the relationships motivated by international systemic pressures, unit-level domestic pressures, or a combination of both? From this initial question follows two others: what is the motivation for GCC leaders in developing closer ties to China, and what kind of role can China be expected to play in the region as levels of interdependence intensify?

Using neoclassical realism to analyse the evolution of Sino-GCC relations, this dissertation develops an original model of interpreting these relationships. With case studies of China's relations with Saudi Arabia, Oman, and the United Arab Emirates, this dissertation examines the systemic and domestic pressures that shaped China's policy toward the Arab Gulf monarchies over four periods between 1949 and 2012: indifference (1949-1965), hostility (1965-1971), transition (1971-1990), and interdependence (1990-present). It demonstrates that systemic considerations were predominant for much of the history of Sino-GCC relations, but beginning with the Reform Era, domestic pressures within China came to play a significant role. This is especially evident in analysing relations between 1990-2012. Relations during this period are examined in detail across diplomatic and political interactions, trade and investment, infrastructure and construction projects, people-to-people exchanges, and military and security cooperation, demonstrating the depth and breadth and interdependence as well as the international and domestic concerns addressed by the relationships.

Key Words: Chinese foreign policy, International Relations, Neoclassical Realism, Gulf Cooperation Council

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Chapter One: Introduction

This dissertation analyzes and explains the growth in China's relations with the Arab Gulf monarchies, a group of six states that comprise the Gulf Cooperation Council (GCC).¹ It is a relationship that has seen significant growth in recent years and has developed from a set of commercial relationships to multifaceted ones, involving a wide range of mutual interests, and can be characterized as dense interdependence. Writing in 2008, Alterman and Garver described China's role in the Middle East as "simple" and "shallow", describing its regional policy as being guided by its need for energy, "with other commercial, military and diplomatic interests playing a subsidiary role."² Since then, however, these subsidiary interests have become significant features in the Sino-GCC relationship. There are over 4000 Chinese companies operating in the United Arab Emirates (UAE) alone, servicing construction and infrastructure projects across the Arabian Peninsula. Hundreds of thousands of Chinese expatriates live and work in GCC states. The People's Liberation Army Navy (PLAN) has been using GCC ports for rest and replenishment in its ongoing naval escort to protect Chinese shipping in the Gulf of Aden. Diplomatic interactions between China and each GCC state are frequent and at a high level; every Chinese head of state has visited at least one GCC member since 1989,

¹ The GCC member states are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

² Jon Alterman and John W. Garver, *The Vital Triangle: China, the United States, and the Middle East* (Washington: Center for Strategic and International Studies, 2008): 3

and every GCC member has sent a head of state to China on a state visit, with the exception of Oman. Soft power tools also come into play, with religious, educational, and cultural exchanges featuring heavily. And trade, of course, is substantial. In 2000, Sino-GCC trade was valued at \$9.9 billion. By 2014 it had reached \$175 billion.³ One projection forecasts it to reach \$350 billion by 2023.⁴ Collectively, the GCC is China's sixth largest export destination and its fifth largest source of imports.⁵ Importantly, the states that rank higher than the GCC are all, except Germany, Pacific countries, indicating a geostrategic significance that has yet to be adequately analyzed from an International Relations theoretical perspective.

The significance of Sino-GCC relations has deepened with the announcement of China's Silk Road Economic Belt and 21st Century Maritime Silk Road, or One Belt, One Road (OBOR). In September 2013, Chinese President Xi Jinping gave a speech at Nazarbayev University in Kazakhstan, when he announced a cooperative initiative in which China and Central Asia would build what he called the Silk Road Economic Belt. The next month, speaking at the Indonesian Parliament, he proposed deeper China-ASEAN ties and a multilateral construction of a 21st Century Maritime Silk Road. In November 2013, during the Third Plenary Session of the 18th Central Committee of the Chinese Communist Party, he formally announced OBOR to connect China to states as far away as East Africa and the Mediterranean through a series of infrastructure construction projects. In the period since, Chinese political, business, and military leaders have been working toward what has been described as "the largest programme of economic diplomacy since the U.S.-led Marshall Plan."⁶ The states of the GCC are a crucial hub in OBOR. Their geostrategic location links China to Middle Eastern, African,

³ International Monetary Fund, *Direction of Trade Statistics*. All figures are in U.S. dollars and will be throughout this dissertation. Accessed March 16 2016 at <https://www.imf.org/en/data>

⁴ "China and GCC: Growing Ties," *Gulf Business*, April 16, 2013. Accessed April 9 2016 at <http://gulfbusiness.com/2013/04/china-and-gcc-growing-ties/#.VYLL1s7Mofk>

⁵ International Monetary Fund, *Direction of Trade by Country: China, International Monetary Fund*. Accessed April 10 2016 at <https://www.imf.org/en/data>

⁶ Charles Clover and Lucy Hornby, "China's Great Game: Road to a New Empire," *Financial Times*, October 12, 2015.

and European markets, and their vast hydrocarbon reserves are an important factor in driving the development projects that comprise the Belt and Road. Sino-GCC cooperation can therefore be expected to expand as China's footprint expands across the Indian Ocean. At the same time, OBOR cooperation builds upon bilateral relationships that China and the Gulf monarchies have been developing over decades.

This dissertation therefore begins with a question: what motivates China's leadership to pursue these denser relationships with the GCC? Is the motivation a response to international political considerations, domestic political considerations, or both? In considering this question, the motivations of GCC leaders in developing closer ties to China must also be addressed. A third question stems from the first two: what kind of role will China play in the Gulf?⁷ The following chapters provide answers to these questions.

Chapter two reviews the existing literature on China's relations with the GCC member states, and explains the methodological and theoretical approaches to this dissertation. The literature review demonstrates a lack of academic work on Sino-GCC relations. Much has been produced about China's relations with the Middle East, but relatively little has been done on the Gulf as a sub-system within the Middle East region. This is an important distinction, because as Ehtashami has noted, energy revenues have led to a shift in the geopolitical weight in the Middle East from the Levant to the Gulf.⁸ The case study method is used to analyze China's relations with three GCC states: Saudi Arabia, Oman, and the UAE. Neoclassical realism is used to create a theoretical framework that emphasizes the importance of analyzing both international (systemic) and domestic (unit-level) considerations in analyzing the motivations behind each of the relationships.

Chapter three focuses on China's international political orientation in order to understand the importance of Sino-GCC relations from a Chinese perspective. Using

⁷ While "Persian Gulf" is the commonly used international name, Arabs refer to it as the "Arabian Gulf". This dissertation will use the neutral title of "the Gulf" throughout.

⁸ Anoushiravan Ehteshami, *Globalization and Geopolitics in the Middle East: Old Games, New Rules* (London: Routledge, 2007): 134.

neoclassical realism, it explains that the PRC's international political behavior is based on a combination of systemic and unit-level considerations. Its relations with the GCC must therefore address both international political interests while at the same time contribute to domestic stability within China through economic growth and development. Chapter four examines the Sino-GCC relationship from the Arab Gulf monarchies' perspectives. Again, the neoclassical realist approach highlights the importance of both international and domestic political considerations in understanding and explaining the international political choices for the GCC states, and how their relationships with China meet their interests.

Chapters five, six, and seven are case studies on China's relationships with Saudi Arabia, Oman, and the UAE. These three cases were chosen to demonstrate the different interests met for China in its relations with the member states of the GCC. While all three are important sources of oil imports for China, the relations with individual states clearly demonstrates that each addresses at least one significant Chinese interest beyond energy. Oman's geostrategic location, with its Indian Ocean ports, has been important in China's ongoing naval escort force in the Gulf of Aden, indicating a potentially larger role as the OBOR develops and China's maritime interests in the Indian Ocean further increase. The UAE, with its business-friendly environment and the Jebel Ali Free Zone in Dubai, represents a stable regional hub for China to safely expand its commercial interests not only in the GCC, but also throughout the Middle East. The relationship with Saudi Arabia addresses several Chinese interest areas, and is the most important Arab state for China. Politically and economically, Saudi Arabia plays a central role in the Middle East, making it a vital partner as China expands its regional role. Saudi centrality in international Islam also is important for China, with its large Muslim population and concerns about political Islam in Xinjiang.

With China's emergence as a global power, it is increasingly important to understand the motivation behind its international political decisions. The GCC, with its geostrategic importance and central role in global energy markets, makes for a fascinating case with which to analyze China's rise. The Sino-GCC relationship is economic on a structural level, as economic belts of investment and development

deepen ties beyond trade. It is also a strategic relationship, with political and military elements. This dissertation therefore provides a detailed case study of Chinese foreign policy while at the same time presents original analysis of a topic that requires a dynamic academic analysis. The use of neoclassical realism as a theoretical approach provides this dynamic model, as the focus on both international and domestic political considerations from both the Chinese and GCC leaderships' perspectives provides a clearer understanding of the motivating factors driving these increasingly important relationships.

Chapter Two: Literature Review and Methodology

Introduction

This chapter performs two functions. It conducts a literature review to establish the originality of the thesis, and also presents the thesis methodology. It is argued here that although there is a selection of extant literature on PRC-GCC relations, the literature has important gaps both in methods and in historical time periods. Existing literature on PRC-GCC relations either treats one of the actors in very general terms, concentrating on either the GCC (or an individual nation state such as Saudi Arabia) or the PRC (or East Asia generally) to the exclusion of the other. These studies lack a focus on interdependence. In this sense as well as in others the existing studies are insufficiently systematic – they do not isolate variables in detailed case studies. In historical terms there is a dearth of literature on recent developments in PRC-GCC relations and as was argued in chapter one it is in the recent period that PRC-GCC relations have assumed greater importance.

In terms of methodology the thesis argues for an approach based on neoclassical realism and the case study approach. Neoclassical realism allows the thesis to delineate the system and unit level variables that have acted to move the PRC and the GCC closer together at a deeper level of policy, economy and politics. The case study models allow the explanation of these variables in terms of individual nation-states. Although the case study model has been criticized for a perceived lack of rigor, the thesis aims to formulate the case studies so that they are clear and rigorous.

Literature Review

A review of the existing literature has focused on China's relations with states in the Persian Gulf. Much of the relevant literature comes from academic work; few foreign policy practitioners in the concerned states have yet to publish

accounts of their experience in this field. Much of the academic work is divided among historians and political scientists. The review of the literature shows significant gaps for the purposes of this dissertation. First, much of the work focuses on the Middle East as a region, rather than the sub-system of the Arabian Peninsula and Gulf. Another gap is the dominance of published work during or immediately following the Cold War, a period when the GCC states and the PRC had very different relationships with each other and projected considerably less influence on international politics. Finally, there is little that attempts to synthesize the many different factors of the relationships among these states; typically, the focus is on a single factor, such as energy trade, investment flows, or weapons sales. This dissertation therefore addresses these gaps by developing a multifaceted analysis of the many elements at play, from both the PRC's side and that of the GCC member states. This review categorizes the literature as broader works on the PRC and the Middle East, as well as recent regional-specific work.

China – Middle East Literature

The first major book-length study of Chinese relations with the Middle East was Yitzhak Shichor's *The Middle East in Chinese Foreign Policy, 1949-1977*.¹ He begins with the assumption that

the Chinese have always been concerned with developments in the Middle East not merely as an important center of international activity in its own right but primarily as a part of the general historical development of the world which affected and involved China's own interests.²

This focus on interests establishes a realist framework for understanding Chinese regional participation that focuses on how the bipolar international structure during the Cold War led to what appeared to be an inconsistent Middle East policy. Noting that in the late 1970s China's influence in the Middle East was no greater than it was in the mid-1950s, Shichor states that,

China's peculiar methods and aims in the Middle East and its primary concern with the superpowers were not always fully understood and sometimes deliberately distorted. The Arabs, who had experienced

¹ Yitzhak Shichor, *The Middle East in China's Foreign Policy: 1949-1977* (Cambridge: Cambridge University Press, 1979)

² Ibid: 1.

colonial rule and foreign, both Western and Eastern, intervention for many years, interpreted China's Middle East policy in those terms and did not seem to understand China's different approach. For a long time the Chinese were portrayed as a disruptive, subversive, dangerous and irresponsible element in the Middle East.³

For Shichor, this view was a reflection of mutual misunderstanding. The PRC viewed its regional policy as motivated by its shifting relations with the USA and the USSR. The Middle East, far from China's borders and with little impact on the PRC's immediate interests, was little more than a theatre for power politics in which China's limited military capabilities led to an ideologically motivated approach. Rather than attempting to acquire territories or bases, the PRC's regional interest was "to urge the local governments and peoples to resist these powers without itself becoming involved or intending to replace others."⁴ Middle Eastern states were perceived through an ideological lens, depending on their attitude toward imperialism or outside intervention. Arab Gulf monarchies were perceived as hostile to the PRC's world outlook, and relations were therefore strained. For Shichor, the PRC's world outlook was the result of three 'inputs': "the basic analysis of the world situation; the interpretation of the situation in the Middle East in light of the basic analysis; and the domestic situation in China."⁵ He states that at different points during the period studied, the role of these 'inputs' in shaping China's regional policy took a greater or lesser level of importance. The analysis of the world situation was typically the predominant input, but at other points, such as during the Cultural Revolution, the domestic situation drove regional policy.

Shichor concludes by reemphasizing the nontraditional approach the PRC had taken in the Middle East throughout the period studied, claiming that, "if we try to evaluate Chinese achievements in the Middle East in terms of power politics, then China's Middle East policy must be admitted a complete failure. Yet, if we bear in mind that Peking has never sought direct involvement and presence in the Middle East, nor economic or other gains, the conclusion would be somewhat

³ Ibid: 8.

⁴ Ibid: 190.

⁵ Ibid: 191.

different.”⁶ The conclusion he draws is that Middle Eastern states in the late 1970s were beginning to appreciate the nature of the PRC’s approach to the Middle East and to perceive closer ties to Beijing to be corresponding to their interests. This conclusion anticipated the thaw in relations between the PRC and Middle East states, especially those on the Arabian Peninsula throughout the 1980s, which in turn led to today’s levels of interdependence, making Shichor’s framework a valuable approach to understanding the PRC’s early involvement with the states in this study.

Hashim Behbehani’s *China’s Foreign Policy in the Arab World, 1955-1975*⁷, offers three case studies: China’s relations with Palestine, Kuwait, and, especially relevant to this study, Oman. The focus on Palestine and Oman is reflective of the importance of the PRC’s support for revolutionary movements in the Arab world, specifically the Palestinian Resistance Movement (PRM) and the Popular Front for the Liberation of Oman (PFLO). Behbehani also places the PRC’s involvement in the Middle East during this time within the context of superpower rivalry in the Cold War, but unlike Shichor, sees China’s support for revolutionary movements as an attempt to achieve a leadership status in the third world. His case study on Oman describes a Chinese support for an anti-monarchal and anti-imperial (in this case, British) movement, while at the same time demonstrating that the PRC’s lack of a sophisticated regional awareness at the time led to a mischaracterization of the nature of the PFLO as a nationalist rather than tribal movement, which in turn led the PRC to overestimate popular support for the movement, its chances of success, and its ability to attract support throughout the Arabian Peninsula. Behbehani documents the military aid and ideological training in Maoist thought, as well as visits by PFLO delegations to China to meet with leaders as high-ranking as Premier Zhou Enlai, when they were promised significant material support – anti-aircraft missiles, explosives, sub-machine guns, and grenades.⁸ However, the costs of this support became apparent when the PRC’s newly established diplomatic relations with Kuwait and Iran were threatened, as both states

⁶ Ibid: 192.

⁷ Hashim Bebehani, *China’s Foreign Policy in the Arab World, 1955-1975: Three Case Studies* (London: KPI, 1981)

⁸ Ibid: 182.

resented Chinese support for the PFLO. Furthermore, the PRC came to the conclusion that the PFLO had little chance of achieving its ambition of overthrowing the monarchy, especially after Sultan Said was deposed by his son Qaboos in 1971. Finally, Behbehani states that the PRC came to see “internal conflicts in the Gulf as less important than relations between the two superpowers. The Chinese formula of unity for all Gulf and adjacent states to oppose ‘superpower hegemony’ was applied without regard to disputes between Gulf states, to whom the Chinese view seemed unrealistic.”⁹ Nevertheless, the PRC had changed its policy from anti-imperial and anti-monarchy to support for the status quo in the Gulf. For the purposes of this study, Behbehani’s book offers a useful detailed analysis of the PRC-Oman relationship up to the mid-1970s, and the spillover effects throughout the Gulf, as well as a description of how this changed when China’s interpretation of its regional interests changed.

Lilian Craig Harris’s *China Considers the Middle East*¹⁰ offers a brief overview of 2100 years of cultural and commercial interactions between China and the Middle East before focusing on the PRC’s relations with the region. Much of the chronology follows an outline similar to that of Shichor, but the later date of publication allows for an analysis of interactions in the 1980s, documenting the period when China’s policy in the Middle East had begun to prove beneficial. Harris states that, “For the first time in history, during the 1980s the Chinese made a sustained effort to understand, not just to manage, the Middle East.”¹¹ The government created training programs in Arabic language, history and culture, and established research institutes focusing on the Middle East. She attributes this in part to the ‘Opening Up’ (*gaige kaifang*) policy. At the same time, she emphasizes the importance of the international structure in shaping China’s foreign policy; China was pursuing an independent foreign policy of non-alignment with neither the USA nor the USSR, supporting “independence, development and economic justice for the developing world in accordance with

⁹ Ibid: 187.

¹⁰ Lillian Craig Harris, *China Considers the Middle East*, (London: I.B. Tauris & Co. Ltd., 1993)

¹¹ Ibid: 191.

the Five Principles of Peaceful Coexistence.”¹² In terms of how that affected its foreign policy in the Middle East, the PRC continued to develop stronger ties to moderate Arab states with the assumption that this would contribute to regional stability. The PRC sought to build economic relations with “any Middle East state willing to buy Chinese commercial or military goods or to import Chinese labor and expertise.”¹³ Documenting the myriad trade, investment, diplomatic, and religious interactions throughout the decade, Harris states that, “As the 1980s ended, China’s relations with the Middle East seemed to be on a more secure basis than ever before...The Middle East had become one of China’s most important commercial partners, with a trade balance strongly in China’s favor.”¹⁴ Thus the process described in Shichor’s book had begun to lead to an increased regional presence for China, although still a relatively modest one.

John Calabrese’s *China’s Changing Relations with the Middle East*¹⁵ offers another chronological account of the PRC’s relationship with the Middle East, covering the years 1950 to 1989. He begins with the premise that, “the PRC’s initial activities in the Middle East were launched not merely at the outbreak of the Cold War, but to a large extent because of it.”¹⁶ Like Shichor, he sees Chinese regional policy as a reflection of the bipolar Cold War system. Indeed, in his introduction he claims that his book aims to refine and update Shichor’s analysis, given the decade that had passed between publications. He builds his account of the PRC in the Middle East on three assumptions:

- Chinese foreign policy has rather consistently operated from a strategic logic

¹² Ibid: 178. The Five Principles of Peaceful Coexistence are the foundation of the PRC’s foreign policy. Developed by Zhou Enlai and Jawaharlal Nehru as a principled approach to Sino-Indian relations, the Principles are: mutual respect for each other’s territorial integrity and sovereignty, mutual non-aggression, mutual non-interference in each other’s internal affairs, equality and cooperation for mutual benefit, and peaceful co-existence.

¹³ Ibid: 179.

¹⁴ Ibid: 205.

¹⁵ John Calabrese, *China’s Changing Relations with the Middle East*, (London: Pinter Publishers, 1991)

¹⁶ Ibid: 2.

- The principal determinant of what China has endeavored, if not what it has been able to do, has been its position with respect to the superpowers
- China's domestic and economic situation can have important implications for the conduct of its foreign policy¹⁷

Based on these assumptions, Calabrese examines seven periods, documenting that the PRC's policy and motivations in the region shifted due to changes in relation to its status with one or both of the USA and USSR, or due to domestic concerns. By the end of the 1980s, he too describes the dramatic increase in PRC-Middle East ties, but notes "China today, as in the 1950s, has no 'vital' interests in Middle East: it obtains nothing essential to its survival from the region that it cannot otherwise acquire elsewhere."¹⁸ He sees the PRC's motivation for a larger presence in the Middle East as a matter of global status and prestige, stating that, "its material stake in the region is cushioned by its modest scale, non-essential character, and diversified packaging."¹⁹ While this may have been the case in 1991, it failed to forecast the depth and breadth of the ties that would continue to develop after the relatively modest beginnings of the 1980s, and Calabrese's later writings would acknowledge the strategic importance the regions would come to hold for each other.

Geoffrey Kemp's *The East Moves West: India, China, and Asia's Growing Presence in the Middle East*²⁰ is another work that examines the increase in relations between these regions within Asia. Kemp begins with the premise that economic interdependence, based on energy and non-energy trade, infrastructure projects, tourism, investments, and labor, will make for a larger Asian presence in the broader Middle East in the immediate future. His study begins with the question, "To what extent will countries such as China and India be drawn into the complicated, volatile geopolitics of the Middle East?"²¹ This initial question leads to others, including the effects of rivalries among Asian states and the potential

¹⁷ Ibid: 3.

¹⁸ Ibid: 173.

¹⁹ Ibid: 175.

²⁰ Geoffrey Kemp, *The East Moves West: India, China, and Asia's Growing Presence in the Middle East*, (Washington: Brookings University Press, 2010)

²¹ Ibid: 3.

for conflict with the powers, especially the USA, that have long-established regional interests. In considering the USA's future role in the region, he begins with the premise that, "The new dynamics must take into account not only growing ideological challenges to the West but also the reemergence of more traditional balance-of-power politics as the Asian nations become world players."²² The title of Kemp's chapter on China, "China's return to the greater Middle East," indicates a broad sweep. Indeed, the greater Middle East here includes states from Sudan to Turkmenistan, which does not allow for a detailed approach. His section on Saudi Arabia focuses on trade, China's strategic oil reserves and military cooperation, offering a good general overview. Sections on Oman and the UAE run five paragraphs each, with very general background information on the establishment of diplomatic relations, economic ties, and energy trade. Therefore, while Kemp offers a very good 'big picture' analysis of an important geopolitical development, his book, by design, does not explain the PRC's role in the Gulf or on the Arabian Peninsula region.

An important contribution to PRC – Middle East scholarship is *The Vital Triangle: China, the United States, and the Middle East*²³, by Jon Alterman and John Garver. Both are regional specialists: Alterman is a scholar and US government official focusing on the Middle East, and Garver has published extensively on Chinese foreign relations. The depth of their combined regional knowledge makes for a detailed account of a complex triangular relationship based on energy. Their focus is "to examine not only the sources of potential conflict between China, the United States and the Middle East, but also steps that might be taken to prevent such a conflict from breaking out."²⁴ The result of their research indicates that China recognizes the benefits of the American security umbrella in the Middle East and therefore does not perceive itself as a present or future rival of the USA in the Middle East. As such, the study takes on an interest-based analysis of the states in question, and finds that they all "share a deep interest in regional stability and the free flow of energy, and ... that those common interests create a platform for

²² Ibid: 18.

²³ Jon Alterman and John Garver, *The Vital Triangle: China, the United States, and the Middle East*, (Washington: Center for Strategic and International Studies)

²⁴ Ibid: 8.

cooperation that can enhance not only security in the Middle East, but also Sino-American relations more generally.”²⁵

Of great benefit in this study are summary accounts of Chinese attitudes toward the United States, the Middle East, and China’s relationship with both. These are taken from scholarly publications, newspaper commentary, and private interviews with Chinese analysts. Their chapter on China begins with a useful account of the PRC’s narrative of US involvement in the Middle East. “A nearly universal belief in China is that U.S. policy in the Middle East is essentially about seizing control of that region’s oil in order to coerce countries dependent on that oil, as part of a drive for global domination.”²⁶ As for a Chinese view of the PRC’s regional role, “the unanimous view was that China has no vital ‘strategic’ interests in the Middle East requiring protection. The region is distant from China and is not an area from which hostile forces might threaten China’s territory.”²⁷ Because the PRC claims its interests in the Middle East are essentially commercial, based on oil and trade, the Chinese surveyed for this study see it in the state’s interests to base cooperative and friendly relations on the common pursuit of interests, but “does not consider them worth the risks and other costs associated with entanglement in Middle Eastern conflicts.”²⁸ Taking a larger role to maintain regional security is both beyond the PRC’s capabilities and interests; the USA has proven to be willing to assume the costs of maintaining regional security, and Beijing is content to free ride as long as it can. Should this result in missing out on Middle East energy acquisitions, the PRC can shop elsewhere, in Africa or Latin America. While this is a theoretically sound analysis, it does not reflect China’s actual policy in the region. The fact that the PRC sees energy security as a fundamental element of its national security indicates that it is willing to act to ensure a steady supply, and no other region has the spare capacity to meet China’s projected demands. Therefore, it would seem that those surveyed undervalued the strategic importance of Middle East relations with the PRC.

²⁵ Ibid: 8.

²⁶ Ibid: 12.

²⁷ Ibid: 18.

²⁸ Ibid: 18.

In terms of the focus of this dissertation, Alterman and Garver's book is useful in highlighting the interrelated nature of the Middle East, USA, and PRC, but less so in explaining China specifically in the Persian Gulf and Arabian Peninsula. Published before the Arab Spring, the major foci of US policy in the region were Iraq and Iran. Both are clearly central to regional security discussions, but the domestic security element is not present in this book, with a design that examines the role of external powers in a broad Middle East, rather than the Gulf/Peninsula. Saudi Arabia features prominently, but other GCC states fall into a single paragraph under the subheading 'Other Middle Eastern Countries'. The approach is more valuable in understanding how external powers perceive their interests in the Middle East, and goes into less detail concerning the construction of bilateral relations between the PRC and individual states.

China – Gulf Literature

Yitzhak Shichor's monograph, *East Wind over Arabia: Origins and Implications of the Sino-Saudi Missile Deal*²⁹, was published in 1989, after the East Wind missile deal became public knowledge and before the PRC-KSA had established diplomatic relations. It is the best single volume on how these two states came to reinterpret their interests and came to view the other as strategically important. Shichor places China's pursuit of relations with Saudi Arabia in the context of the changing international structure as well as its domestic political situation. Internationally, the PRC worried about Soviet expansion, and believed that the USSR was moving toward the Persian Gulf and Arabian Peninsula. This gained credibility after the Soviet invasion of Afghanistan and its support for Iran in the wake of its revolution, both in 1979. Another consideration was the PRC's improved relations with the USA in the aftermath of Nixon's visit to Beijing in 1972. China came to appreciate the role of the USA in maintaining stability in the region, which in turn helped maintain Beijing's interests in the Gulf. That, combined with its recognition at the United Nations in 1971, contributed to an evolving international presence for the PRC, in which it

²⁹ Yitzhak Shichor, *East Wind over Arabia: Origins and Implications of the Sino-Saudi Missile Deal* (Berkley: Berkley Center for Chinese Studies, 1989).

began the process of becoming a more active actor in international politics. Domestically, China began a period of tremendous transformation in the late 1970s as a result of the 'Opening Up' (*gaige kaifang*) and 'Four Modernizations' (*si ge xiandaihua*) policies, and this contributed to a major effort to improve its international standing. The Gulf was an important strategic theatre and Saudi Arabia, as the dominant state on the Arabian Peninsula, was therefore a focal point in Chinese attempts to increase its presence. Shichor details the Chinese approach in four areas – religious, economic, political, and military – that together led to the East Wind deal. As is discussed in detail in the Saudi Arabia case study, Islam was the foundation, leading to trade opportunities and unofficial meetings between religious and political leaders that, throughout the 1980s, allowed PRC and Saudi leaders to develop stronger political ties based on mutual interests. Shichor details the increased frequency and levels of influence that eventually took Prince Bandar bin Sultan to Beijing to bring the military aspect of the relationship to the forefront, culminating with the missile sale. He is also careful to point out that this was not exclusively a PRC-driven initiative; much of the impetus could be traced to King Fahd's accession in 1982, which led to a more activist and independent foreign policy that was based on a diminished Saudi dependence on the USA. Another important driver from the Saudi side was when the US Congress blocked a sale of Maverick air-to-ground missiles to Saudi Arabia in 1981, which led to Saudi considering the PRC as an arms provider. His monograph provides an excellent account of how the PRC used multiple channels to patiently woo Saudi Arabia, while at the same time explains how Saudi perceptions of the PRC evolved. As such, it is a very useful document of the decade leading up to the establishment of diplomatic relations.

Christopher Davidson's *The Persian Gulf and Pacific Asia: From Indifference to Interdependence*³⁰ details the expanding relationships between the GCC monarchies and Japan, China, and South Korea. In his introduction, he states,

What began as a simple, late twentieth century marriage of convenience based on hydrocarbon imports and exports has now evolved into a comprehensive, long-term mutual commitment that will not only continue to capitalize on the Persian Gulf's rich energy

³⁰ Christopher Davidson, *The Persian Gulf and Pacific Asia: From Indifference from Interdependence*, (London: Hurst and Company, 2010)

resources and Pacific Asia's massive energy needs, but will also seek to develop strong non-hydrocarbon bilateral trade, will facilitate sizable sovereign wealth investments in both directions, and will provide lucrative opportunities for experienced Pacific Asian construction companies, their technologies, and – in China's case – its vast labor force.³¹

His study focuses on trade (both hydrocarbon and non-hydrocarbon), investments and joint ventures, construction and labor contracts, diplomatic initiatives, and military cooperation. His research finds that in all aspects save military, the rapid and extensive development of interdependence between the regions signals a greater role for East Asian states in the Gulf. While his research indicates a continued dominance of Western powers, especially the USA, United Kingdom, and France in maintaining security in the Persian Gulf, he foresees a larger future role for China, Japan, and South Korea, as the Pacific Asian states gradually seek greater influence over their primary energy suppliers. The book's strength is in the detailed account of each element of the burgeoning relationships. At the same time, little consideration is devoted to the motives, foreign or domestic, compelling the states in question. His extensive previous writings on the Gulf monarchies, especially the United Arab Emirates, have addressed the domestic and international security concerns that drive the international political decisions of GCC states.³² For the Asian states, there is less so, and very little discussion given to these states outside of their importance as trade partners with Gulf states.

N. Janardhan's chapter, "China, India, and the Gulf,"³³ in Mehran Kamrava's edited volume *International Politics of the Persian Gulf*, projects a future when the PRC, as well as India, play a greater role in the security affairs of the Gulf. He bases this on two fundamental premises. First, the GCC states have adopted a 'Look East' policy, which is based on economic and commercial ties with Asian states. He chooses the accession of Abdullah as King of Saudi Arabia in 2006 as a starting

³¹ Ibid: 1.

³² For a detailed account of the perceived threats to the Gulf monarchies, see Christopher Davidson, *After the Sheiks: The Coming Collapse of the Gulf Monarchies*. (London: C. Hurst Publishers, 2012).

³³ N. Janardhan, "China, India, and the Persian Gulf," in *International Politics of the Persian Gulf* ed. Mehran Kamrava, (Syracuse: Syracuse University Press, 2011): 207-233.

point for this policy, citing the immediate state visits by King Abdullah and Crown Prince Sultan, including the first to the PRC by a Saudi king. The second premise is that “despite extensive and growing commercial linkages, the GCC states will take India and China seriously as strategic partners only if the linkage between them moves beyond trade.”³⁴ To this end, he discusses security considerations of GCC states, primarily the influence that China and India have with Iran, given their strong ties to Tehran. Thus, interdependence between GCC states and the PRC would be used to exert political pressure on Iran on the issue of its nuclear program, for example, or to curtail its sponsorship of Hezbollah, or its long occupation of three Emirati islands. This strategy has been discussed before, as Gulf monarchies in the past have used oil sales and weapons purchases as a way to push for international support on issues that affect their interests. Janardhan’s analysis of Chinese motivations is weak. Of the PRC’s entry into the politics of the Gulf, he places the mid to late-1980s as a starting point, “chiefly because of its energy requirements for its rapidly developing economy.”³⁵ This ignores the PRC’s earlier and complicated presence in the region, while at the same time erroneously using energy as the impetus for establishing economic ties at a time when the PRC was a net energy exporter, importing very little from the Gulf. He sees the PRC’s motivation for increased trade with GCC states as a mixture of energy, commercial interests, and strategic calculations³⁶ but offers very little in the way of explaining what sets China apart from any other state that trades in the Gulf. Explaining this growth in ties is largely left to supply and demand logic, with the conclusion that “a Gulf-Asia relationship based purely on buying and selling oil is untenable in the long run.”³⁷ He attributes this to increased options for the PRC in terms of oil suppliers, but given China’s energy requirement projections it is unlikely that any other state or region can meet Chinese demand to the extent that the Gulf monarchies can. Also, this assumes that Janardhan’s analysis of ties that do not move beyond energy trade is accurate; it has already been well established that the relationships have developed beyond that limited scope.

³⁴ Ibid: 208.

³⁵ Ibid: 212.

³⁶ Ibid: 212.

³⁷ Ibid: 232.

Alone among book-length studies of the PRC on the Arabian Peninsula and in the Persian Gulf is Mohamed bin Huwaidin's *China's Relations with Arabia and the Gulf, 1949-1999*³⁸. Bin Huwaidin's goal with this book was "an attempt to provide the first comprehensive study of China's foreign policy towards the region, covering China's interaction with all its countries during and after the Cold War."³⁹ Ambitious in its scope, bin Huwaidin's book correctly places China's relations with the USA and USSR in front, building on the premise developed by other scholars of PRC Cold War-era foreign policy: much of the PRC's foreign policy orientation was a reaction to its constantly changing relations with the super powers. From here, bin Huwaidin divides his book into three sections: the PRC's perceptions of the Gulf and Peninsula, its relations with non-GCC members (Iraq, Iran, and Yemen), and its relations with GCC member states.

His summary of the existing literature was used to divide the PRC's regional relations into three periods: its early involvement in regional affairs (1949-1970), a period of pragmatic regional policy (1971-1989), and a period of 'new interest' in the region (1990-1999). These dates seem arbitrary at times, more of a construct for his thesis rather than a reflection of what was happening in these states during the periods or what events outside them were shaping their politics. This can be attributed to his use of neorealism as a theoretical approach; the domestic political situation of the states involved is not a concern when the international structure is the main systemic feature driving political decisions. Therefore, 1989 marks the end of one period because of the revolutions in the Eastern Bloc that led to the end of the Cold War, not because the Tiananmen Square massacre created a perceived need in China to reach out to other non-democratic states for support, as it did when President Yang Shangkun visited Egypt, Oman, and the United Arab Emirates. Nonetheless, this book does a good job of explaining the PRC's transformation from regional pariah to respected actor. The case studies of interactions between the PRC and each GCC members state provide a good overview of relations before and after establishing diplomatic relations. Its publication date, however, means that that transformation of China's

³⁸ Mohamed Bin Huwaidin, *China's Relations with Arabia and the Gulf, 1949-1999*, (London: Routledge, 2003)

³⁹ Ibid: 4.

regional role, especially with the GCC member states, was not anticipated to the degree at which it has grown. The expansion of GCC-PRC relations since 1999 has not adequately been addressed in another volume, making bin Huwaidin's book ripe for a second, updated edition.

Mahmoud Ghafouri's article, "China's Policy in the Persian Gulf,"⁴⁰ begins with an analysis of Chinese energy production and consumption trends and uses data from the International Energy Agency (IEA) to determine the role the Gulf oil suppliers will have in the future for China. He notes, that "China's oil imports will grow fivefold, from slightly under 2 million b/d in 2002 to roughly 11 million b/d, by 2030. By then, oil imports will account for 80 percent of China's total oil needs, of which more than half will come from the Persian Gulf."⁴¹ Importantly, he also makes the connection between energy consumption, continued economic growth, and political stability, stating,

To the country's leadership, slow economic and job growth raise the real specter of social instability, which, in turn, calls into question the continued power and political control of the Communist Party. Thus, for the leadership, there is a profound connection between reliable energy supplies, political and economic stability, and continued party control.⁴²

The PRC's Persian Gulf strategy, according to Ghafouri, sees Middle Eastern energy as a vital element of maintaining domestic political stability. The relationships are defined by interdependence, as China receives much significant foreign capital investment from Gulf states, which in turn are important markets for Chinese manufactured goods, services, and arms sales. While Ghafouri's analysis focuses more on Iraq and Iran than the GCC, he notes the tremendous surge in trade between the PRC and the GCC – from \$1.5 billion in 1991 to \$33.4 billion in 2005 – and links this to its future energy requirements to conclude that China's regional role will increase. He acknowledges a sophisticated understanding of the region on the PRC's part, and claims that, "It looks at these states in terms of a strategic partnership built around needs and interests. This is likely to create stronger

⁴⁰ Mahmoud Gharfour, "China's Policy in the Middle East," *Middle East Policy*, 16:2 (2009): 80-92.

⁴¹ Ibid: 82.

⁴² Ibid: 82.

bonds than a strategy based only on securing oil.”⁴³ For Ghafouri, this approach has led to a regional perception of China as “a benign power with global reach.”⁴⁴ The contrast with the USA is unspoken but clear in the wake of events of the last decade.

Steve Yetiv and Chunlong Lu’s article, “China, Global Energy, and the Middle East,”⁴⁵ also sees a rising position for China in the Gulf, also based on energy. While they do not discuss the domestic pressures within China that make energy security an important element of its national security, their article does discuss the potential ramifications of an increased PRC presence in the Gulf, specifically in terms of how the relationship between the USA and PRC could become problematic. Yetiv and Lu begin with the premise that “China’s lack of military capability in the Persian Gulf region has forced it to resort almost exclusively to other tools of statecraft to protect and advance its interests.”⁴⁶ These tools are trade, diplomacy, foreign direct investment, arms sales, and the influence inherent in its permanent seat on the United Nations Security Council. In terms of military capabilities, they agree that the PRC has been freeriding on the American security guarantee for the region. They make explicit the attraction Gulf monarchies feel toward the PRC as an ally, stating “Riyadh has tended to believe that China’s pragmatic foreign policy will not aim to change its political system and way of life, in contrast to American foreign policy which sometimes aims in that direction, even if indirectly.”⁴⁷ They also make note of China’s involvement in other Arab states beyond the Gulf, stating that leverage with them can benefit China’s position in the Gulf, which provides another point of contrast with the USA’s regional standing. For Yetiv and Lu, therefore, the attraction of China for the Gulf states would seem to be that it is not the USA. China’s relatively minor regional political role up to the point of publication, combined with its principle of non-interference in the domestic politics of other states, and enormous trade benefits, combined to make it an attractive partner.

⁴³ Ibid: 91.

⁴⁴ Ibid: 91.

⁴⁵ Steve Yetiv and Chunlong Lu, “China, Global Energy, and the Middle East,” *Middle East Journal*, 61:2 (2007) 199-218

⁴⁶ Ibid: 201.

⁴⁷ Ibid: 202.

Henry Lee and Dan Shalmon's article, "Searching for Oil: China's Initiatives in the Middle East,"⁴⁸ also examines the role of energy in China's regional policy, and sees a sophisticated strategy at work. Lacking the regional links that Western energy companies had within GCC states, the PRC had to

approach the Middle East not simply as an oil resource base but as part of a larger interdependent trade relationship...In its relationships with Gulf countries, China has deliberately avoided a singular focus on oil supplies. Its goal is to create a level of economic interdependence that produces economic benefits for China as well as their trading partners in the Gulf.⁴⁹

At the same time, the constant threat of political instability in the region means that the PRC has to consider itself vulnerable to potential supply disruptions, meaning that Gulf security is becoming a security concern for the PRC. From the Gulf states' perspectives, the projected demand from the PRC provides GCC member states with economic benefits as well as political flexibility. Lee and Shalmon therefore describe an interdependent partnership "built around a portfolio of needs and interests"⁵⁰ that is more durable than one based only on oil. Again, this anticipates a security component to the relationship in the future.

John Calabrese's article, "Peaceful or Dangerous Collaborators? China's Relations with the Gulf Countries,"⁵¹ provides a useful framework for understanding the roots of PRC-Gulf relations. He states that China's increase in interests and involvement in the Gulf reflect changing international and domestic conditions: the restructuring of its relations with the USA and USSR that took place in the 1970s, and the commitment to economic modernization which required building international trade and economic networks. He also describes the circumstances within the Gulf that created room for external actors other than the superpowers to act in the region, describing the regional context as "the shifting politics of the Middle East, notably the combustible mixture of the Gulf's geostrategic importance and instability."⁵² Writing immediately after the Cold

⁴⁸ Henry Lee and Dan Shalmon, "Searching for Oil: China's Initiatives in the Middle East," *Environment*, 49:5 (2007) 10-21

⁴⁹ Ibid: 14.

⁵⁰ Ibid: 20.

⁵¹ John Calabrese, "Peaceful or Dangerous Collaborators? China's Relations with the Gulf Countries," *Pacific Affairs*, 65:4, (1992) 471-485

⁵² Ibid: 484.

War ended, his article reflects the uncertainty of a unipolar international structure in which the USA's hegemonic power in the Gulf made for an uncertain environment; Calabrese ended the article cautioning that Chinese weapon sales could further destabilize the region.

John Calabrese examined Asia-Gulf relations with an article titled "The Consolidation of Gulf-Asia Relations: Washington Tuned In or Out of Touch?"⁵³ in which he states that "Gulf-Asia relations are a structural feature of the global system whose importance to the partners and to others with interests in these regions is likely to increase."⁵⁴ He lists seven "Gulf-Asia fundamentals", features of the relationships that are leading to stronger ties between the two regions:

- Gulf-Asia relations are bi-directional, multi-faceted, and firmly rooted.
- Trade in crude oil forms the backbone of Gulf-Asia energy relations.
- Trade in crude oil has led to more extensive inter-regional cooperation in the energy sector.
- Gulf-Asia economic relations are multilayered, inclusive, and diverse.
- The synergy between the regions is also evident in the emerging pattern of strategic investments in natural resource development, agribusiness, and transportation infrastructure.
- The diversification of Gulf-Asia economic relations extends to the real estate development and construction sector.
- The oil trade-led expansion of Gulf-Asia economic ties has already had profound economic effects.⁵⁵

Taken together, these fundamentals reflect a complex and sophisticated growth in relations, based on energy but expanding to include several other important sectors of the economies on both ends. However, its focus on Asia as a region does not allow for a detailed analysis of Chinese involvement, and is therefore more

⁵³ John Calabrese, "The Consolidation of Gulf-Asia Relations: Washington Tuned in or Out of Touch?" *The Middle East Institute Policy Brief No. 25* (June 2009):

⁵⁴ Ibid: 1.

⁵⁵ Ibid: 1-5.

useful as providing a framework to evaluate Beijing's level of activity in each of these fundamentals.

A.A.H. Abidi's *China, Iran, and the Persian Gulf*⁵⁶ offers a detailed account of China's relations with Iran, from the Han Dynasty to revolutionary Iran. In it, there is a chapter titled "China and the Arab States of the Gulf," which, while dated, discusses the PRC's early relations with GCC states, going into some detail on the smaller states that Shichor, Harris, and Calabrese, with their broader focus on the Middle East, do not include in their books. At the same time, much of the same territory is covered: the Cold War system's effect on the PRC's foreign policy orientation, the ideological differences that led to a mutual distrust between the PRC and the Arab Gulf monarchies, and the change in approach of the PRC based on changing interests. The text is helpful as a historical document of that period, but does little to answer the questions asked by this dissertation.

Summary

A survey of the literature on PRC-GCC relations demonstrates a clear need for a fresh look at the subject. A diverse and growing body of research on China's relations with the Middle East already exists, although there is considerably less focusing on China's relations with the Gulf or GCC member states. Much of the focus in many of the books, chapters, and articles is on China's relations with the broader Middle East. Many of the larger, book-length studies (Shichor, Bebehani, Harris, Calabrese, Abidi) were written at a time when the PRC had a relatively minor footprint in the region, and all but Huwaidin's had the Cold War as the defining feature of the international system and driver of the PRC's foreign policy decisions. Among the more recent books (Davidson, Kemp) the focus is on a wider set of actors, preventing a deeper study of the states studied in this dissertation. Also, very little analysis in the texts reviewed focused on the domestic motivation of the states involved. Among the articles reviewed, there is certainly more recent and relevant work being done on PRC-GCC, although little that has gone into significant depth on the bilateral relations that China has developed with the individual states of the GCC.

⁵⁶ A. A. H. Abidi, *China, Iran and the Persian Gulf* (New Delhi: Radiant Publishers, 1982)

In terms of China's foreign policy choices, nearly all of the book-length work cited took a structural approach, framing China's Middle East and Gulf policy as a response to systemic pressures. This can be attributed to the period in which much of the work was published; bipolarity was the defining feature of the international political system, which meant that the foreign policy choices made by state decision-makers were based on Cold War logic. However, this does not account for the importance of the unit-level variables that began to weigh heavily in China's foreign policy orientation after Deng Xiaoping came to power. As such, much of the existing literature does not adequately address why Chinese leaders have chosen to pursue a larger presence in the Gulf and with the Arab Gulf monarchies. This dissertation will address this gap, as discussed in the next section detailing the choice of the case study as a method with the theoretical framework based on neoclassical realism.

Research Design

This section explains the methodological approaches taken in this dissertation, first detailing the choice to use the case study method to analyze the PRC's relations with the Gulf Arab monarchies, and then explaining the theoretical application of neoclassical realism to explain the evolving level of interactions between the PRC and the GCC member states. It will then address specific methods of data collection.

Data Analysis

This dissertation is a qualitative inquiry using the case study method. The case study has been defined as "the detailed examination of an aspect of a historical episode to develop or test historical explanations that may be generalizable to other events."⁵⁷ In this case, the historical episode begins with

⁵⁷ Alexander B. George and Andrew Bennett, *Case Studies and Theory Development in the Social Sciences*, (Cambridge MA: MIT Press, 2005): 5.

the establishment of the PRC in 1949 and continues up to 2012, examining how the PRC's relations with the GCC member states have evolved.

The case study is a well-established method for research in International Relations (IR). Bennett and Elman claim that the case study has made key contributions to the social sciences in general and IR in particular: "The IR subfield includes several outstanding case studies that have contributed, together with statistical and formal work, to cumulatively improving understandings of world politics."⁵⁸ Gerring concurs, arguing that political science "continues to produce a vast number of case studies, many of which have entered the pantheon of classic works."⁵⁹ George and Bennett, in their important book on case studies, also stress the importance of the case study in political science, stating, "almost half the articles published in the top political science journals in recent years used case studies."⁶⁰ Flyvbjerg wrote, "Much of what we know about the empirical world has been produced by case study research, and many of the most treasured classics in each discipline are case studies."⁶¹ King, Keohane and Verba acknowledge the importance of case studies, stating that they "are essential for description, and are, therefore, fundamental to social science."⁶²

There has been criticism that the case study lacks the same degree of rigor found in other methods. This attitude is seen when Moaz states, "one often gets the impression that the use of the case study absolves the author from any kind of methodological considerations. Case studies have become in many cases a synonym for freeform research where everything goes."⁶³ It is this criticism that

⁵⁸ Andrew Bennett and Colin Elman, "Case Study Methods in the International Relations Subfield," *Comparative Political Studies*, 40:2 (2007): 172.

⁵⁹ John Gerring, "What is a Case Study and What is it Good for?" *The American Political Science Review*, 8:2 (2004): 341.

⁶⁰ George and Bennett, *Case Studies and Theory Development*: 10.

⁶¹ Bent Flyvbjerg, "Case Study," in *The Sage Handbook of Qualitative Research*, eds. Norman K. Denzin and Yvonna S. Lincoln (Thousand Oaks: Sage Publications, 2011): 302.

⁶² Gary King, Robert Keohane and Sidney Verba, *Designing Social Inquiry: Scientific Inference in Qualitative Research*, (Princeton: Princeton University Press, 1994): 44.

⁶³ Zeev Maoz, "Case Study Methodology in International Studies: From Storytelling to Hypothesis Testing," in *Evaluating Methodology in International*

Yin specifically addresses: “Perhaps the greatest concern has been over the lack of rigor of case study research. Too many times, the case study investigator has been sloppy, has not followed systematic procedures, or has allowed equivocal evidence or biased views to influence the direction of the findings and conclusions.”⁶⁴ He attributes this, however, to a lack of methodological texts on case study research, which has been addressed in recent years. While case study research design has not been codified, there is a wealth of resources on conducting case studies to the point that as a method for social science research, its merit is well established, providing the case design is focused and systemic.

There are several reasons why the case study method has been chosen for this dissertation. Yin states that, “you would use the case study method because you deliberately wanted to cover contextual conditions”.⁶⁵ In IR as with other social sciences, the importance of these contextual conditions are significant, and qualitative methods provide “advantages in studying complex and relatively unstructured and infrequent phenomena that lie at the heart of the subfield.”⁶⁶ George and Bennett see four advantages in using case study methods: “their potential for achieving high conceptual validity; their strong procedures for fostering new hypothesis; their value as a useful means to closely examine the hypothesized role of causal mechanisms in the context of individual cases; and their capacity for addressing causal complexity.”⁶⁷

Beyond the advantages of the method, there are practical conditions that determine the choice of the qualitative method to be applied. According to Yin, they are the type of research question posed, the extent of control an investigator has over actual behavioral events, and the degree of focus on contemporary as opposed to historical events.⁶⁸ For the first condition, he refers to a basic categorization of research questions: who, what, where, how, and why. Noting

Studies, eds. Frank P. Harvey and Michael Brecher (Ann Arbor: University of Michigan Press, 2002): 164-165.

⁶⁴ Robert Yin, *Case Study Research: Design and Methods* (3rd ed.), (Thousand Oaks: Sage Publications, 2003): 10.

⁶⁵ Ibid: 13.

⁶⁶ Bennett and Elman, *Case Study Methods*: 171.

⁶⁷ George and Bennett, *Case Studies and Theory Development*: 19.

⁶⁸ Yin, *Case Study Research*: 5.

that ‘how’ and ‘why’ questions require explanatory answers, he claims that these are typically found in case studies, “because such questions deal with operational links needing to be traced over time, rather than mere frequencies or incidence.”⁶⁹ This is consistent with the questions addressed by this dissertation, as well as the period of time frame being analyzed. For the second condition, Yin notes that a case study is the preferred method when the researcher has no control over the behavioral events being analyzed; it “is preferred in examining contemporary events, but when the relevant behaviors cannot be manipulated.”⁷⁰ This is also consistent with the focus of this dissertation.

Case Design

The cases to be compared in this dissertation are the PRC’s relations with Oman, Saudi Arabia, and the United Arab Emirates (UAE). These three states have been selected as they share many similar general characteristics, both in terms of their domestic and foreign political orientation and in their growth in relations with the PRC. Yet, within the different factors that comprise their relations with China, different values are placed on certain variables, such as the weighted value of energy trade, or infrastructure development projects, political and diplomatic interactions, or military cooperation. As such, it is possible to generalize about which factors are driving the relationships, both regional and bilateral. This is an important element of determining the motivation for expanding PRC-GCC relations as it underscores the dense interdependence that is being developed between these states, indicating an importance beyond the oil-for-trade narrative that is often used to analyze China’s presence in the Gulf.

Each case is designed with structured, focused comparison, systematically collecting the same information for each unit of comparison. Each begins with a brief analysis of the domestic and systemic political variables that shape the

⁶⁹ Ibid: 6.

⁷⁰ Ibid: 7.

international politics of the state in question. The unit-level variables examined are the sources of and challenges to regime stability inherent in their rentier state model. The international variables are the states' responses to regional security threats and the role of external actors in providing security. After analyzing each of these variables, the case study discusses how they explain the value each state places on its relationship with the PRC.

The next section of each case study develops a historical analysis to trace the process of the evolution of the relationship between the PRC and the state in question. This has been used in two other studies on PRC- Gulf states but applied differently. Huwaidin uses three periods as a framework for his study: the PRC's early involvement in regional affairs (1949-1970), a period of pragmatic regional policy (1971-1989), and a period of 'new interest' in the region (1990-1999).⁷¹ Wu frames his study from 1958 to the present and discusses six phases: a focus on Iraq (1958-1967); a focus on revolutionary movements in the Gulf (1967-1971); opposition to Soviet expansionism (1971-1979); a focus on Iran and Iraq (1979-1990); a focus on Iran (1990-2001); a focus on Saudi Arabia and Iran (2001-present).⁷² Neither of these approaches works for the purpose of this dissertation. The periods of time chosen in Huwaidin's book seem arbitrary and generically described. Furthermore, his neorealist approach, by focusing on the systemic pressures that drove Chinese policy in the region, cannot give adequate weight to major events both within and outside of China that shaped its approach to foreign policy. The 'early involvement' period, for example, encompasses the state-building period for the PRC, the Korean War, the Taiwan Straits crises, the Great Leap Forward, the Sino-Indian war, the USA-Vietnam war, and the Cultural Revolution. To focus on the systemic pressures that drove policy choices misses out on a tremendous wealth of intervening variables at the unit level. Wu's more specific phases do a better job of explaining the PRC's regional involvement, but

⁷¹ Mohamed Bin Huwaidin, *China's Relations with Arabia and the Gulf, 1949-1999*, (London: Routledge, 2003).

⁷² Wu Bingbing, "Strategy and Politics in the Gulf as Seen from China," in *China and the Persian Gulf: Implications for the United States* ed. Bryce Wakefield and Susan I. Levenstein (Washington: Woodrow Wilson International Center for Scholars, 2011): 10.

have a larger Iran-Iraq focus; the GCC member states are less important to his analysis. Importantly, his framework also does not take unit-level concerns into consideration.

Therefore, for the purposes of this dissertation, the historical analysis presents an original framework for explaining the evolution of PRC-GCC relations, analyzing four distinct periods: indifference (1949-1965), hostility (1965-1971), transition (1971-1990), and interdependence (1990-2012).⁷³ As will be described in the case studies, each of these periods indicates a different Chinese approach to its presence in the Gulf, reflecting either a reaction to systemic pressures, domestic pressures, or a combination of the two. Also, the intensity of interactions between China and the Gulf monarchies increased from each period to the next. This allows for a fuller account of the motivation for increased Chinese regional presence than would be found in a strictly structural approach.

The interdependence sections of the case studies are divided into five subsections, each representing a distinct feature of interdependence: diplomatic and political interactions; trade and investment; infrastructure and construction projects; people-to-people exchanges, including religious, educational, and cultural; and military and security cooperation. These types of interactions were chosen to give an account of the breadth and depth of contemporary China-GCC relations. 2012 was chosen as a cut-off date because 2013 represents a potentially important year for Chinese international politics and one that could have a significant impact upon PRC-GCC relations. In a September 2013 speech in Astana, Kazakhstan President Xi Jinping first articulated the idea of forming a “New Silk Road Economic Belt”, and the next month, while addressing Indonesia’s parliament in Jakarta, he introduced the concept of a “21st Century Maritime Silk Road.” A series of policy documents and speeches have followed, as well as the introduction of the Asian Infrastructure Investment Bank (AIIB) and the Silk Road Fund. Taken together, the PRC has called this the Silk Road Economic Belt and 21st Century Maritime Silk Road, or OBOR. This represents an ambitious Chinese

⁷³ This borrows from and further develops Christopher Davidson’s concept described in *The Persian Gulf and Pacific Asia: From Indifference from Interdependence*, (London: Hurst and Company, 2010).

foreign policy initiative that is expected to create stronger Chinese links to states in Asia, the Middle East, Africa, and Europe. The Arabian Peninsula will be a crucial hub in the One Belt One Road and the GCC member states' participation in its various initiatives will further intensify their relationships with China. Therefore, 2012 was chosen in order to represent PRC-GCC interactions before One Belt One Road projects began. Throughout the dissertation, however, references will be made to data points that took place after 2012 in order to emphasize the unique phenomena that indicate an extension of the point being made, or to explain a relevant occurrence.

Theoretical Assumption

This dissertation uses neoclassical realist theory. Neoclassical realism is a relatively recent addition to IR theory, first described by Gideon Rose in his 1998 article "Neoclassical Realism and Theories of Foreign Policy", and since developed into a major addition to realist theory.⁷⁴ Schweller describes it as problem-focused research program that "(1) seeks to clarify and extend the logic of basic (classical and structural) realist propositions, (2) employs the case-study method to test general theories, explain cases, and generate hypothesis, (3) incorporates first, second, and third image variables⁷⁵, (4) addresses important questions about foreign policy and national behavior, and (5) has produced a body of cumulative

⁷⁴ See Jack Snyder, *Myths of Empire: Domestic Politics and International Ambition*, (Ithica: Cornell University Press, 1993); Gideon Rose, "Neoclassical Realism and Theories of Foreign Policy," *World Politics* 51:1 (1998):144-172; Fareed Zakaria, *From Wealth to Power: The Unusual Origins of America's World Role*, (Princeton: Princeton University Press, 1998); Randall Schweller, "The Progressiveness of Neoclassical Realism," in *Progress in International Relations Theory: Appraising the Field*, eds. Colin Elman and Miriam Fendius Elman, (Cambridge MA: MIT Press, 2003): 311-348; Brian Rathburn, "A Rose by Any Other Name: Neoclassical Realism as the Logical and Necessary Extension of Structural Realism," *Security Studies*, 17:2 (2008): 294-321; Steven E. Lobell, Norrin M. Ripsman and Jeffrey W. Taliaferro, eds. *Neoclassical Realism, the State, and Foreign Policy*, (Cambridge: Cambridge University Press, 2009).

⁷⁵ First, second and third image variables here refers to Waltz's *Man, the State, and War*, in which he postulated that the major causes of war are to be found "within man, within the structure of the separate states, within the state system." (Waltz, 2001, p. 12) He referred to these as the images of international relations, "numbered in the order given, with each image defined according to where one locates the nexus of important causes." (Waltz, 2001, p. 12)

knowledge.”⁷⁶ Neoclassical realism can be seen as an attempt to build upon classical works of realism, placing them in a rigorous, post-Waltzian theoretical framework. Neoclassical realism is explicit in incorporating both external and internal political considerations in explaining a state’s foreign policy, arguing that “the scope and ambition of a country’s foreign policy is driven first and foremost by its place in the international system and specifically by its relative material power capabilities.”⁷⁷ However, these power capabilities have an indirect and complex effect on foreign policy decisions because “systemic pressures must be translated through intervening variables at the unit level.”⁷⁸ In analyzing how the structure shapes unit-level choices, important intervening variables are decision-makers’ perceptions, the domestic structure of the state, the state’s relation to the surrounding society, the strength of a country’s state apparatus, and the state’s relative power. The result is a middle ground between structural realism and constructivism, in which a preferred method is to begin at the systemic level but then trace how relative power of a state translates into that state’s international behavior. This provides a “coherent logic that incorporates ideas and domestic politics in the way we would expect structural realism to do so.”⁷⁹ This logic underlying neoclassical realism tells us that domestic politics and ideas are variables that affect material power, but decision-makers must consider the system before those variables or else risk adverse results; “when domestic politics and ideas interfere substantially in foreign policy decision-making, the system punishes states.”⁸⁰ States that are punished by the system are typically those that allow domestic politics and ideas to play an outsized role in shaping foreign policy.⁸¹ This is relevant to this study, because as the following chapters demonstrate, the foreign policy decisions made by the states in question are highly motivated by domestic political concerns.

⁷⁶ Schweller, “The Progressiveness of Neoclassical Realism”: 317.

⁷⁷ Rose, “Neoclassical Realism”: 146.

⁷⁸ Ibid: 146.

⁷⁹ Rathburn, “A Rose by Any Other Name”: 296.

⁸⁰ Ibid: 296.

⁸¹ Ibid: 311.

Neoclassical realism has a focus on building theories of how states make foreign policy decisions within the international system, rather than structural realism's description of the system itself.⁸² As such, neoclassical realism examines questions largely outside the realm of structural realism's focus, incorporating structural realism's insights on systemic forces at play in international politics, while focusing instead on questions of how states conduct foreign policy. According to Zakaria, an account of foreign policy – not an account of the international system – “should include systemic, domestic and other influences, specifying what aspects of the policy can be explained by what factors.”⁸³ This is one of the unique strengths of neoclassical realism, and stands in opposition to structural realism, or at least Waltz's version of it. For Waltz, neorealism is a theory of international politics, a spare attempt at explaining how external forces influence the behavior of states. He distinguishes between theories of international politics and theories of foreign policy; foreign policy is made at the national level and international politics happen at the international level. Therefore, “an international-political theory can explain states' behavior only when external pressures dominate the internal disposition of states, which seldom happens. When they do not, a theory of international politics needs help.”⁸⁴ Neorealism's focus is not on how or why the decision makers in a state choose certain policy options; it is on how the structure itself influences states' options.

In describing the international structure of his system theory, Waltz described a three-part definition of structure.⁸⁵ First is the ordering principle. International systems are anarchic and decentralized, yet within this anarchy patterns of behavior become evident as states respond to the structural

⁸² Steven E. Lobell, Norrin M. Ripsman and Jeffrey W. Taliaferro, “Introduction: Neoclassical Realism, the State, and Foreign Policy,” in *Neoclassical Realism, the State, and Foreign Policy*, ed. Steven E. Lobell et al. (Cambridge: Cambridge University Press, 2009): 19.

⁸³ Fareed Zakaria, “Realism and Domestic Politics: A Review Essay,” *International Security*, 17:1 (1992): 198.

⁸⁴ Kenneth Waltz, “International Politics is not Foreign Policy,” *Security Studies*, 6:1 (1996): 57.

⁸⁵ Kenneth Waltz, *Theory of International Politics*, (Long Grove: Waveland Press, 1979): 88-101.

constraints imposed upon them by the system. Second is the specification of functions of differentiated units. The units, states in this case, “are alike in the tasks that they face, though not in their abilities to perform them. The differences are of capability, not of function.”⁸⁶ Thus interactions between China and Somalia, for example, can be described by Waltz’s theory, as both are states, even though as states they are widely divergent in how they function. His theory, focused on the structure, is able to contend with any type of state, which he assumes are “unitary actors who, at minimum, seek their own preservation and, at a maximum, drive for universal domination. States, or those who act for them, try in more or less sensible ways to use the means available in order to achieve the ends in view.”⁸⁷ The nature of the state, or its internal composition, has no effect on the structure of the system. Third is the distribution of capabilities across units. While the units are functionally undifferentiated in terms of the tasks they perform as independent states, their greater or lesser ability to perform these tasks is what distinguishes their position within the structure. The structure changes only when the distribution of capabilities changes.

It is this very narrowness, what Waltz chooses to keep and what he chooses to leave out, that makes his theory of international politics troublesome for the purposes of this dissertation. Many who have accepted his foundational idea of the importance of structure still have difficulty accepting that what happens within the states cannot be factored into an account of how states interact with each other. A state’s internal interests and behavior cannot be accounted for, and ultimately, a theory of international politics will be hamstrung if this is the case. Keohane, while praising Waltz’s work as “more systematic and logically more coherent than that of its Classical Realist predecessors”⁸⁸ finds it lacking in that there is little in Waltz’s theory that can predict change in the structure; it only tells us that change is related to a change in the differentiation of capabilities. For Ruggie, this is a significant problem with Waltz’s theory, as “in any social system,

⁸⁶ Ibid: 96.

⁸⁷ Ibid: 118.

⁸⁸ Robert O. Keohane, “Theory of World Politics: Structural Realism and Beyond,” in *Neorealism and Its Critics*, ed. Robert O. Keohane, (New York: Columbia University Press, 1986): 168.

structural change itself ultimately has no source other than unit-level processes. By banishing these from the domain of systemic theory, Waltz also exogenises the ultimate source of systemic change.”⁸⁹ Hollis and Smith also take issue with Waltz’s structural approach to analyzing international politics, stating,

Whatever the type of change, domestic factors surely matter. It is, in short, hard to see how change can possibly be traced to its causes unless those causes lie in decisions taken within units, which, therefore, had better be included as contributing elements of the international system. But then we need to know what goes on inside the units.⁹⁰

Keohane also takes issue with the absence of domestic politics and decision-making, claiming, “Sensible Realists are highly cognizant of the role of domestic politics and of actor choices within the constraints and incentives provided by the system.”⁹¹ Snyder makes the case for including unit level actors within the states, claiming,

Theoretically, Realism must be recaptured from those who look only at politics between societies, ignoring what goes on within societies. Realists are right in stressing power, interests, and coalition making as the central elements in a theory of politics, but recent exponents of Realism in international relations have been wrong in looking exclusively to states as the irreducible atoms whose power and interests are to be assessed.⁹²

Clearly, there is a strong case to be made for including unit-level considerations in international political analysis. In the case of the states involved in this study, the external systemic pressures contribute significantly to international political behavior, but it cannot be said that they ‘dominate the internal disposition of states’; variables at the unit level play a key role as well. Neorealism, therefore, is the wrong theoretical tool for this job. By incorporating a broader range of political considerations, neoclassical realism can explain more fully how and why the foreign policy establishments of the states in this study

⁸⁹ John Gerard Ruggie, “Continuity and Transformation in the World Polity: Toward a Neorealist Synthesis,” in *Neorealism and Its Critics*, ed. Robert O. Keohane, (New York: Columbia University Press, 1986):152.

⁹⁰ Martin Hollis and Steve Smith, *Explaining and Understanding International Relations*, (Oxford: Clarendon Paperbacks, 1990):116.

⁹¹ Keohane, *Theory of World Politics*: 183.

⁹² Snyder, *Myths of Empire*: 19.

make the decisions they do. The following two chapters expand on this, analyzing the international political behavior of China and the GCC member states from a neoclassical approach.⁹³

Data Collection

The political practices of the states of this study present challenges in analyzing their foreign policy. The lack of opposition parties, parliamentary or congressional debate, media scrutiny, or transparent policy-making apparatus means that there is often a dearth of accurate information that explains how or why a particular policy was made. In the cases of the GCC states, foreign policy is the domain of key members of the royal families – in Oman, for example, it has long been one of Sultan Qaboos’ many portfolios. It is highly personalized and foreign policy decisions are rarely discussed openly. In China, there is a much wider group of actors, but they are no more open. As Sutter notes, foreign and domestic policy decision-making calculus is kept secret; disclosing that calculus is a crime that is subject to serious punishment.⁹⁴ However, there is a wealth of documentary sources from official sources, government reports and white papers, and statistical reports from international organizations and non-governmental

⁹³ While the emphasis on interdependence between China and the GCC and the importance of the GCC as an international organization would indicate a liberal approach, it is the assumption of this dissertation that the cooperative approach to international politics inherent in liberalism does not adequately explain the GCC. There have been serious cracks in the GCC in recent years; Oman threatened to leave in 2013, and in 2015 other GCC states publicly withdrew their ambassadors to Qatar over disputes regarding Qatari support for the Muslim Brotherhood. All of this indicates a weak commitment to the organization. A realist, interest-based analysis explains their international political behavior better. Likewise, constructivist approaches are often used in explaining international politics, both for the Arab Gulf monarchies and China. The following two chapters address why this dissertation does not, although the importance of ideational factors are relevant, especially when considering transnational identities and ideologies in the Gulf.

⁹⁴ Robert G. Sutter, *Foreign Relations of the PRC: The Legacies and Constraints of China’s International Politics Since 1949*, Lanham: Rowman & Littlefield, 2013): 14.

organizations. The data found in these reports can provide a framework for understanding the rationale behind certain policy decisions. International and state specific organizations that were sources of data include the International Monetary Fund, the United Nations Development Program's Human Development Report, the Stockholm International Peace Research Institute, the Organization of Petroleum Exporting Countries, the U.S. Energy Information Agency, the CIA World Factbook, the U.S. Congressional Research Service, and the Ministries of Foreign Affairs webpages for each of the states studies. China also publishes white papers through the Information Office of the States' Council of the People's Republic of China. In addition, there is a wealth of valuable scholarship that helps explain and understand the motivation of decision-makers in the states being studied. *Middle East Policy* and *Journal of Contemporary China* are especially relevant. Finally, the contemporary nature of this dissertation means that many of the events that shape relations between the states in question are currently underway; as such, journalism from and about these states is a source of valuable information that helps interpret policy decisions. Sources of Chinese journalism commonly used came from Xinhua and the People's Daily. From the Gulf, WAM *Emirates News Agency* and the *Oman News Agency* provided data, as did journalism from *The Gulf News*, *Khaleej Times*, *The National*, *Arab News*, and *Muscat Daily*. Finally, Google Alerts provides a range of daily news updates about the states in this study.

Chapter Three: The PRC's International Politics: A Neoclassical Realist Analysis

Introduction

David Shambaugh began his recent study of Chinese international politics with the premise that China's global footprint is broad yet shallow, and that without developing comprehensive power and global influence across several realms – global governance, security, economic, cultural, and diplomatic – China is and will remain a 'partial power'. For Shambaugh, much of China's international activity can be reduced to transactions beneficial for its own economic development, making the depth of its commitment to partner states contingent upon their ability to provide the resources necessary for that end.¹ This chapter argues that in its relations with the GCC, China is deep into the process of moving beyond a regional partial power. With its dominant security architecture, the USA remains the strongest actor in the Gulf, and China does not present a realistic challenge to American power. However, China has taken advantage of the relative stability provided by the US security umbrella in order to increase its regional role on multiple fronts, and in doing so, move from a partial power to a major one on the Arabian Peninsula.

This chapter begins by discussing the theoretical framework of a neoclassical realist approach to understanding the PRC's international political behavior. This section explains the rationale for adopting neoclassical realism rather than structural realism or constructivism, through historical and contemporary analysis of traditional Chinese international behavior. As discussed in the review of the literature and methods chapter, much of the existing scholarly work on China's relations with Middle Eastern states take a structural realist

¹ David Shambaugh, *China Goes Global: The Partial Power* (Oxford: Oxford University Press, 2013): 6-7

approach, in which systemic pressures explain the PRC's international political choices. Neoclassical realism assumes that systemic pressures play a dominant role in a state's international politics, but in analyzing foreign policy choices, also emphasizes the importance of unit-level intervening variables. In the case of the PRC, the two most important intervening variables to consider are elite perceptions of systemic pressures and elite perceptions of domestic political pressures. Understanding how these variables influence Chinese foreign policy are central to explaining China-GCC relations.

Given neoclassical realism's emphasis on systemic pressures, the next section of this chapter examines the contemporary international system. The PRC is now a significant participant within the international system, with membership in most international organizations and regimes, and commercial interests in every region of the world. This represents a significant evolution in the PRC's approach to international politics and can be traced directly to the leadership of Deng Xiaoping, who correctly calculated that the isolation of Mao's self-reliance doctrine was not only damaging to China's economy, but also to the continued rule of the CCP. By adapting Chinese foreign policy to take advantage of the liberal world order, the CCP could take credit for the greatest economic turnaround in history, while at the same time ensuring that it would continue to rule China.

This leads directly to the intervening unit-level variables in this study: elite perceptions of the international systemic pressures facing China, and elite cohesion in the face of domestic pressures. There is a clear shift in elite perceptions of the international system that is marked by Deng's assumption of power in 1978. This section will begin by examining the different perceptions of the international system of Mao and Deng, and discuss how this shaped their foreign policy choices. It will then discuss how this relates to elite perceptions of domestic political pressures and how this influences its international politics. The chapter ends with an analysis of how closer ties to the GCC helps the PRC meet international and domestic political goals.

Neoclassical realism and China's international political history

There is a constantly growing wealth of International Relations scholarship on China, and among the more interesting debates is whether a rising China will behave as rising states have in the past, or if it will draw upon centuries of what is often described as culturally distinct practices of statecraft. The first opinion reflects a realist approach to international politics, and the second constructivist. This dissertation asserts that realism can better explain China's international political behavior, but it is necessary to examine the constructivist argument.

A constructivist approach to Chinese international political behavior is based on a common interpretation of traditional Chinese statecraft, the tribute system, or *tianxia* (all under heaven). *Tianxia* is often said to have been practiced in an international system that had little in common with the Westphalian system, with organizing principles based on hierarchy rather than anarchic sovereignty.² This is described as an international order dominated by China, with other actors at different levels beneath it, depending upon the depth of their assimilation in Chinese norms and customs. China's primacy within this system was based not upon material power or economic considerations, but rather in recognition of its superior cultural achievements. Constructivist theories are based on this ideational foundation of Chinese systemic leadership.³ Fairbank referred to it as a "graded and concentric hierarchy" consisting of three zones.⁴ The first was the Sinic Zone, consisting of nearby societies that were most culturally similar to China: Vietnam, Korea, and the Ryuku islands. The second zone, the Inner Asia Zone, included tributary tribes and nomadic societies who were neither culturally

² John K. Fairbank, ed., *The Chinese World Order* (Cambridge MA: Cambridge University Press, 1968); John K. Fairbank, Edwin O. Reischauer and Albert M. Craig, *East Asia: Tradition and Transformation* (Boston: Houghton Mifflin Company, 1973); Henry Kissinger, *On China* (New York: Allen Lane, 2011)

³ See David Kang, *China Rising: Peace, Power, and Order in East Asia* (New York: Columbia University Press, 2009); David Kang, *East Asia Before the West: Five Centuries of Trade and Tribute* (New York: Columbia University Press, 2012); Takeshi Uemura, "Understanding Chinese Foreign Relations: A Cultural Constructivist Approach," *International Studies Perspectives*, 16:3 (2013):345-365.

⁴ John K. Fairbank, "A Preliminary Framework," in *The Chinese World Order*, ed. John K. Fairbank (Cambridge MA: Cambridge University Press, 1968): 2.

nor ethnically Chinese, yet had frequent and significant political and military conflicts with Chinese dynasties. The third zone, the Outer Zone, consisted of everyone else, those states and societies that were separated from Chinese civilization by land or sea, and were expected to pay tribute to the Chinese emperor when conducting trade. The ritual of paying tribute required emissaries to prostrate themselves before the Chinese emperor and formally acknowledge China's political and cultural superiority. In turn, these tributary states were allowed to conduct trade within China at tribute missions and also benefited from commercial, cultural, and diplomatic ties to China. Their leaders received gifts, such as a patent and seal of office and rank and membership in the Chinese aristocracy, conferring legitimacy upon their rule. Tributary states could also expect assistance from China in disputes with other states or domestic rivals. The substantial costs of leadership were offset by the benefit of being able to maintain control of neighbouring states without having to resort to military action, an important consideration as many of its neighbours throughout history posed significant security threats.

Although the *tianxia* system appears consistent with a constructivist approach to IR, the actual historical practice of Chinese international politics reflects instead a realist approach to politics. In fact, historical analysis implies that this system did not actually exist as it is commonly described, that it is “an early 20th-century intellectual construct, not a credible tradition of actual Confucian foreign policy.”⁵ Within the Sinic Zone, *tianxia* was a system underwritten by Confucianism as a shared belief system. The cultural and ideational components of maintaining the Chinese world order were fundamental to *tianxia* within these core societies. Actors accepted an established hierarchy, a codified inequality among states in which ranking was based on status, and status was determined by culture rather than by relative power.⁶ Within the Sinic Zone, *tianxia* proved remarkably durable and stable, as the practice of hierarchy resulted

⁵ Feng Zhang, “Confucian Foreign Policy Traditions in Chinese History,” *The Chinese Journal of International Politics* 8:2 (2015): 199.

⁶ Kang, *East Asia Before the West*: 54.

in very few major wars between these states.⁷ Beyond the Sinic Zone, however, a constructivist theoretical approach becomes more problematic, as the practice of *tianxia* is disputed. Historian Lien-shen Yang has stated that, “Reviewing the whole range of Chinese history, however, one finds that this multidimensional Sinocentric world order was a myth backed up at different times by realities of varying degree, sometimes approaching nil.”⁸ Many scholars agree⁹, with Westad bluntly stating “there was no tributary system.”¹⁰ In Southeast Asia, for example, Outer Zone societies viewed tribute paying less as acceptance of Chinese superiority than as a requirement for gaining access to Chinese ports for trade,¹¹ indicating that state-to-state interactions were based on material rather than ideational considerations. Tribute also involved a security dynamic, as leaders of tribute paying societies could use official recognition from China to deter challenges to their rule, or from aggressive neighbouring societies.¹² The Inner Asia Zone also demonstrates the problem of *tianxia*, as tributary relations between China and Mongols, Uighurs, and Tibetans rarely provided for a stable environment. Purdue’s research, for example, demonstrates that China’s dynastic power in this Inner Asia Zone was based on conquest, as well as coercion and

⁷ China’s invasion of Vietnam between 1407-1428 is an exception, as is the Imjin War when Japan invaded Korea in 1592, although Japan rarely could accurately be placed within the Sinic Zone.

⁸ Lien-sheng Yang, “Historical Notes on the Chinese World Order,” in *The Chinese World Order*, ed. John K. Fairbank, (Cambridge MA: Cambridge University Press, 1968): 20.

⁹ See, for example, Peter Purdue, “The Tenacious Tributary System,” *Journal of Contemporary China*, 24:96 (2015):1002-1014; June Teufel Dreyer, “The ‘Tianxia Trope’: Will China Change the International System?,” *Journal of Contemporary China* 24:96(2015): 1015-1031; Feng Zhang, “Confucian Foreign Policy Traditions”; Ja Ian Chong, “Popular Narratives versus Chinese History: Implications for Understanding an Emergent China,” *European Journal of International Relations* 20:4 (2014): 939-964; William A. Callahan, “Sino-speak: Chinese Exceptionalism and the Politics of History,” *Journal of Asian Studies*, 71:1(2012): 33-55.

¹⁰ Odd Arne Westad, *Restless Empire: China and the World since 1750* (New York: Basic Books, 2012): 10.

¹¹ Bill Hayton, *The South China Sea: The Struggle for Power in Asia* (New Haven: Yale University Press, 2014): 14.

¹² Geoff Wade, “Ming China and Southeast Asia in the 15th Century: A Reappraisal,” *Asian Research Institute Working Paper No. 28* (National University of Singapore, July 2004): 2.

power politics.¹³ Dreyer also contests the assumption of a hierarchy among Asian states, noting that negotiations between China and Southeast Asian states often were conducted as between equals.¹⁴ She sees *tianxia* as a Chinese discourse that was consistent from dynasty to dynasty, yet one that “did not invariably describe reality. When the empire was weak, the Chinese perception of the world had little effect on the course of events: the ultimate fact was the fact of power.”¹⁵ The idea of an international system in which participating states and societies accepted Chinese superiority because of its cultural achievements becomes more problematic the further from Korea and Vietnam one looks. Instead, international politics were based on power considerations and material interests. As such, constructivism tells us less about traditional Chinese statecraft than realism does.

Much of the analysis of China’s international political behaviour agrees that realism best explains Chinese statecraft, both contemporary and traditional. Christiansen states that, “China may well be the high church of realpolitik in the post-Cold-War world. Its analysts certainly think more like traditional balance of power theorists than do most contemporary Western leaders and policy analysts.”¹⁶ Shambaugh concurs, stating “realism influences the majority of elite opinion and is the centre of gravity in China’s debates today.”¹⁷ Nathan and Scobell begin their recent study on Chinese international politics by stating, “We find that the puzzles of Chinese foreign policy most often yield answers through the insights of a theory called ‘realism.’”¹⁸ Wang’s historical analysis of Chinese international politics concurs, stating, “Confucian culture did not constrain Chinese use of force: China has been a practitioner of realpolitik for centuries, behaving much like other great powers have throughout world history.”¹⁹ Yan Xuetong, the PRC’s most

¹³ Peter Purdue, *China Marches West: The Qing Conquest of Central Eurasia*. (Cambridge, MA: Harvard University Press, 2005)

¹⁴ Teufel Dreyer, *The ‘Tianxia Trope’*: 1024.

¹⁵ Ibid: 1024.

¹⁶ Thomas J. Christiansen, “Chinese Realpolitik,” *Foreign Affairs* 75:5 (1996): 37.

¹⁷ David Shambaugh, “Coping with a Conflicted China,” *The Washington Quarterly*, 34:1 (2011): 22.

¹⁸ Andrew Nathan and Andrew Scobell, *China’s Search for Security* (New York: Columbia University Press, 2012): xv.

¹⁹ Yuan-kang Wang, *Harmony and War: Confucian Culture and Chinese Power Politics* (New York: Columbia University Press, 2010): 181.

prominent contemporary IR theorist, also uses realism to theorize China's international political behaviour.²⁰

One of the more compelling arguments for a realist approach to Chinese international politics is Johnston's *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History*. Johnston's research is especially useful because it addresses the perception of traditional Chinese statecraft by analyzing classic texts in Chinese strategic thought to determine if China has had a distinct strategic culture that has led to approaches to war and peace that reinforce its supposed uniqueness. From his research, he identified two distinct and competing approaches to international politics, which he called the Confucian-Mencian Paradigm and the Parabellum Paradigm. The Confucian-Mencian Paradigm is the dominant paradigm in discussing China's strategic culture among both Chinese and foreign observers. It stresses "notions of enculturation, good governance, and minimal use of violence for the righteous defense of a morally correct political order."²¹ Conflict is "aberrant, or at least avoidable,"²² and violence is a last resort, used defensively. As such, responsibility for creating conditions of conflict is shifted to the adversary, and "one's use of force is therefore never illegitimate."²³ It is the Confucian-Mencian Paradigm that PRC leadership uses when describing China's contemporary strategic culture as "pacifist, non-expansionist, purely defensive."²⁴ The Parabellum Paradigm presents a markedly different approach to international politics. It "assumes that conflict is a constant feature of human affairs, that it is due largely to the rapacious or threatening nature of the adversary, and that in this zero-sum context the application of violence is highly efficacious for dealing with the enemy."²⁵ Rather than approaching security as a product of demonstrating a model of a morally correct political order, the Parabellum Paradigm ensures state security with "superior military preparations,

²⁰ Yan Xuetong, *Analysis of China's National Interest*, 2002. Accessed December 24, 2015, at http://cns.miis.edu/books/pdfs/china_national_interests.pdf

²¹ Alastair Iain Johnston, *Cultural Realism: Strategic Culture and Grand Strategy in Chinese History*, (Princeton: Princeton University Press, 1995): 254.

²² Ibid: 249.

²³ Ibid: 68.

²⁴ Andrew Scobell, *China and Strategic Culture*, (Carlisle: The Strategic Studies Institute, 2002): 3.

²⁵ Johnston, *Cultural Realism*: 249.

the application of violence, and the destruction of the adversary.”²⁶ In such a competitive environment, it follows that “war is inevitable or extremely frequent; that war is rooted in an enemy predisposed to challenge one’s own interests; and that this threat can best be handled through the application of superior force.”²⁷ It is not a far reach from the Parabellum Paradigm to a Hobbesian state of nature and realist approach to international politics.

Having found these competing strands of strategic thought in Chinese theory about international politics, Johnston then looked at practice, focusing on the Ming Dynasty, chosen because it represented a time when decision makers were “self-conscious of the philosophical and textual traditions and experiential legacies out of which this strategic culture may come.”²⁸ The preceding Yuan and following Qing dynasties were both led by non-Han Chinese ethnic groups, making them unreliable as indicators of Chinese strategic practice. Another strength in the Ming was that documentation of decision-making in international affairs was relatively rich, which is not the case with earlier dynasties.²⁹ His research found that during the Ming Dynasty, the Parabellum Paradigm was dominant in both policy recommendations and security practice. There was an average of 1.12 external wars per year over the 276 years of Ming rule, which does not take domestic military action into account. The Chinese Academy of Military Sciences verifies this preference for the Parabellum Paradigm throughout other periods in Chinese history, documenting 3790 recorded wars between 1100BC to the end of the Qing Empire in 1911AD. Johnston concluded that not only is the Chinese strategic culture not unique, but that, “the operative Chinese strategic culture does not differ radically from key elements in the Western *realpolitik* tradition.”³⁰ There is not a culturally distinct tradition of international politics upon which the PRC can draw. China’s international political calculations are based on power and interests, making realism a sounder theoretical approach for analyzing the PRC’s international relations.

As discussed in the methods chapter, neoclassical realism provides a more

²⁶ Ibid: 250.

²⁷ Ibid: 106.

²⁸ Ibid: 29.

²⁹ Ibid: 29.

³⁰ Ibid: 258.

accurate account of the PRC's international political behavior than structural realism. Structural realism's main deficiency in relation to this study is that it does not account for domestic political considerations; the state is a rational actor responding only to systemic pressures. As Waltz wrote, system theories "explain how the organization of a realm acts as a constraining and disposing force on the interacting units within it."³¹ The focus of structural realism is thus on the system. Neoclassical realism on the other hand, argues that

The scope and ambition of a country's foreign policy is driven first and foremost by the country's relative material power. Yet it contends that the impact of power capabilities on foreign policy is indirect and complex, because systemic pressures must be translated through intervening unit-level variables such as decision-makers' perceptions and state structure.³²

Waltz clearly stated that his theory could not be used to analyze foreign policy of states within the system, because "a neorealist theory of international politics explains how external forces shape states' behavior, but says nothing about the effects of internal forces."³³ Neoclassical realism, on the other hand, focuses on the variables influencing actors within the state, making it a theoretical approach that can explain variation over time in a state's foreign policy.³⁴

Because the purpose of this study is to determine the motivation of PRC decision-makers to pursue closer relationships with GCC member states, it is necessary to analyze both their interpretation of the international system as well as the variables that influence their international political calculations. Certainly, as the following case studies will prove, systemic pressures have played an important role in shaping the PRC's international political behavior in its interactions in the Gulf. However, unit-level considerations have also always played a major role in influencing Chinese decision makers, as is seen in the

³¹ Kenneth Waltz, *Theory of International Politics*, (Long Grove: Waveland Press, 1979): 72.

³² Gideon Rose, "Neoclassical Realism and Theories of Foreign Policy," *World Politics*, 51:1 (1998): 144-177.

³³ Kenneth Waltz, "International Politics is not Foreign Policy," *Security Studies*, 6:1 (1996): 54-57.

³⁴ Steven E. Lobell, Norrin M. Ripsman and Jeffrey W. Taliaferro, "Introduction: Neoclassical Realism, the State, and Foreign Policy," in *Neoclassical Realism, the State, and Foreign Policy*, ed. Steven E. Lobell et al. (Cambridge: Cambridge University Press, 2009): 21.

historical cycle of “inside disorder and outside calamity” (*nei-luan wai-huan*), in which domestic insecurity led to civil disruption or civil war, creating a weaker state unable to defend itself when opportunistic and hostile neighbors ultimately invaded, usually resulting in the end of the dynasty. Throughout China’s history, domestic factors have consistently played a key role in its international political behavior. Qian Qichen, the PRC’s first career diplomat to become its Minister of Foreign Affairs, claimed in 1990 that, “Foreign policy is the extension of China’s domestic politics,”³⁵ an adage that stands up to scrutiny at any point in Chinese history. Regime security was the focus of every dynasty, as it was during the brief period of nationalist rule under the KMT and it is today under the PRC. The domestic pressures that remain issues of concern for today’s CCP leaders include regime security, leadership succession, managing different ethnic groups within the state, meeting the economic expectations of the populace, managing the urban/rural divide, environmental concerns, and trying to more equitably distribute the benefits of rapid development. The potential for domestic instability to topple the CCP from power is the overriding concern for PRC leadership, and drives much of their policy decisions, both domestic and foreign. Clearly, while an important driver of Chinese foreign policy, the international structure alone cannot adequately explain China’s international behavior, making neoclassical realism a more reliable theoretical approach to Chinese foreign policy and its relations with GCC member states than neorealism. With this in mind, the next sections of this chapter will focus on systemic and unit-level pressures that shape the PRC’s international political behavior and as such, its motivation for a more prominent role in the Gulf. It first discusses the present international system in which China is rising to global power status, and then focuses on the domestic considerations that have led the PRC leadership to work within this system and pursue a larger systemic presence.

³⁵ Qian Qichen, “China’s Important Role in World Affairs,” *Beijing Review*, 15:21 (1990): 11-12.

China and the Liberal International Order

China's international political prominence has become a natural feature of world politics. A global survey from the Pew Research Center in 2013 showed that many around the world believe that the global balance of power is shifting in China's favor, and that it will eventually replace the USA as the world's dominant superpower.³⁶ During the global economic crisis in 2009 the global discourse featured much discussion concerning the Group of Two, as the USA and PRC were often described as copilots driving the international order.³⁷ That the USA's share of global relative power was in decline was not in doubt. That China was perceived as a global power on near-equal footing with the USA was a significant shift in international perceptions; it was only four years earlier that US Deputy Secretary of State Robert Zoellick famously asked "whither China" as a responsible member of the international system.³⁸ Only a decade previously, Gerald Segal published an article in *Foreign Affairs* with the provocative title, "Does China Matter?" in which he claimed that "China is better understood as a theoretical power – a country that has promised to deliver for much of the last 150 years but has consistently disappointed."³⁹ China's rise in the international system in the post-Cold War era has been both rapid and multidimensional, moving it from "the periphery to the

³⁶ Pew Research Center, *America's Global Image Remains More Positive than China, But Many See China Becoming World's Leading Power*, July 18, 2013. Accessed January 3, 2016 at <http://www.pewglobal.org/files/2013/07/Pew-Research-Global-Attitudes-Project-Balance-of-Power-Report-FINAL-July-18-2013.pdf>

³⁷ See Edward Wong, "Former Carter Advisor calls for a 'G-2' Between U.S. and China," *New York Times*, January 12, 2009. Accessed January 3, 2016 at http://www.nytimes.com/2009/01/12/world/asia/12iht-beijing.3.19283773.html?_r=0; Zbigniew Brzezinski, "The Group of Two that Could Change the World," *Financial Times*, January 13, 2009. Accessed January 3, 2016 at <http://www.ft.com/intl/cms/s/0/d99369b8-e178-11dd-afa0-0000779fd2ac.html#axzz3uw3hMPMV>; Timothy Garton Ash, "China Arrives as a World Power Today, and We Should Welcome it," *The Guardian*, April 2, 2009. Accessed January 3, 2016 at <http://www.theguardian.com/commentisfree/2009/apr/02/g20-china-world-power-economy>

³⁸ Robert B. Zoellick, "Whither China: From Membership to Responsibility?" *Remarks to National Committee on U.S.- China Relations*, September 21, 2005. <http://2001-2009.state.gov/s/d/former/zoellick/rem/53682.htm>

³⁹ Gerald Segal, "Does China Matter?" *Foreign Affairs* 78:5 (1999): 24.

center” in two decades.⁴⁰ The PRC government noted in a 2006 White Paper that, “Never before has China been so closely bound up with the rest of the world as it is today.”⁴¹ This dense integration into the global economy and international multilateral system represents a significant shift in the PRC’s international political behavior, and signals an understanding that participation in this system produces the material benefits the PRC requires to address the many domestic political and economic problems that it faces, making the successful management of interdependence a pillar of post-Cold War PRC foreign policy.

The contemporary order was designed and dominated by Western states under the leadership of the USA after World War 2, competed in a bi-polar system with the Soviet bloc during the Cold War, and was consolidated when the Soviet Union’s collapse marked the end of the Cold War. Buzan and Lawson have described this system as a Western-global international society, which reflected a centered globalism in which “development was highly uneven, with a mainly Western core dominant.”⁴² Ikenberry interchangeably refers to the post World War 2 Western system as the American world order, the liberal hegemonic order, and the American-led liberal hegemony. He describes the system as thus:

At its core, it was a hierarchal order with liberal characteristics. America played the leading role in the provision of rule and stability in that order. It was a hierarchical system that was built on both American power dominance and liberal principles of governance. The United States was the dominant state, but its power advantages were muted and mediated by an array of postwar rules, institutions, and reciprocal political processes – backed up by shared strategic interests and political bargains. Weaker and secondary states were given institutionalized access to the exercise of American power. The United States provided public goods and operated within a loose system of multilateral rules and institutions. American hegemonic power and

⁴⁰ David Shambaugh, *China Goes Global*: 4.

⁴¹ Information Office of the State Council of the People’s Republic of China, *China’s National Defense in 2006*. Accessed January 3, 2016 at <http://www.china.org.cn/english/features/book/194421.htm>

⁴² Barry Buzan and George Lawson, *The Global Transformation: History, Modernity and the Making of International Relations* (Cambridge: Cambridge University Press, 2015): 273.

liberal international order were fused – indeed they each were dependent on the other.⁴³

This order has survived the end of the Cold War and continues to shape international politics, although much analysis describes an international system in a transitional stage. Buzan and Lawson state that the system is in the process of evolving from a centered to a decentered globalism, “in which the configuration that marks the global transformation is no longer concentrated in a small group of states, but is increasingly dispersed.”⁴⁴ Ikenberry’s work sees a similar shift. He describes the contemporary system as an order in crisis, claiming that systemic continuity is contingent upon the dominant actors addressing the unequal distribution of power in international organizations and institutions:

In the twenty first century, this will involve sharing authority among a wider coalition of liberal democratic states, advanced and developing, rising and declining, Western and non-Western. It is this liberal complex of states that is the ultimate guardian of the rules, institutions, and progressive purposes of the liberal order.⁴⁵

The sharing of authority beyond the states that designed and have dominated the current international order is necessary, as the gap in the distribution of relative power becomes less pronounced. Acharya makes this point as well, stating that the two most pressing questions that will determine if the international system will endure are “whether it can co-opt China and other emerging powers and whether it can continue to dominate and shape the future of multilateralism.”⁴⁶ However, that this order is underwritten by the rules and norms of international organizations and regimes, which are in turn open to membership as long as states are compliant, means that the benefits are available to member states regardless of their political orientation. This gives the liberal order an unusually high level

⁴³ G. John Ikenberry, *Liberal Leviathan: The Origins, Crisis, and Transformation of the American World Order*, (Princeton: Princeton University Press, 2011): 7.

⁴⁴ Buzan and Lawson, *The Global Transformation*: 274.

⁴⁵ Ikenberry, *Liberal Leviathan*: 10.

⁴⁶ Amitav Acharya, *The End of the American World Order*, (Cambridge: Polity Press, 2014): 45.

of accessibility, legitimacy, and durability.⁴⁷ The shape of multilateralism should be maintained as long as emerging states like the PRC continue to see the benefits of its practice.

Historically, changing international systems have been unstable and often result in war, and China's rise within the contemporary system has generated significant academic work from International Relations theorists and China studies specialists that attempts to explain what impact this will have on the structure of international politics. One school of thought contends that China's rise will lead it to challenge the liberal order. From a realist perspective, Gilpin's *War and Change in World Politics* begins with the premise that "those actors who benefit most from a change in the social system and who gain the power to effect such change will seek to alter the system in ways that favor their interests. The resulting changed system will reflect the new distribution of power and the interests of its new dominant members."⁴⁸ Much recent scholarship on China's response to the international system predicts a similar outcome. Jacques argues, "Given that China promises to be so inordinately powerful and different, it is difficult to resist the idea that in time its rise will herald the birth of a new international order."⁴⁹ Friedberg begins a recent book with the statement "The United States and the People's Republic of China are today locked in a quiet but increasingly intense struggle for power and influence, not only in Asia but around the world."⁵⁰ Mearsheimer uses offensive realism to argue that,

If China continues to grow economically, it will attempt to dominate Asia the way the United States dominates the Western Hemisphere. The United States, however, will go to enormous lengths to prevent China from achieving regional hegemony. Most of Beijing's neighbors, including India, Japan, Singapore, South Korea, Russia, and Vietnam, will join with the United States to contain Chinese power. The result

⁴⁷ G. John Ikenberry, "The Rise of China and the Future of the West," *Foreign Affairs*, 87:1 (2008): 28.

⁴⁸ Robert Gilpin, *War and Change in World Politics*, (Cambridge: Cambridge University Press, 1981): 9.

⁴⁹ Martin Jacques, *When China Rules the World: The End of the Western World and the Birth of a New Global Order*, (New York, Penguin Books, 2009): 16.

⁵⁰ Aaron Friedberg, *A Conquest for Supremacy: China, America, and the Struggle for Mastery in Asia*, (New York: W. W. Norton & Company, 2011): 1.

will be an intense security competition with considerable potential for war. In short, China's rise is unlikely to be tranquil.⁵¹

Yan, a self-described realist, believes that eventual competition between China and the USA-led system is inevitable, stating "China's quest to enhance its world leadership status and America's effort to maintain its present position is a zero-sum game."⁵²

Others contend that the PRC's interests lie with the status quo, albeit with structural changes that allow for a greater role for China, reflecting its increased relative power. Combining an analysis of Chinese history with its contemporary international political behavior, Steinfeld contends that the PRC is engaged in a quest for modernity that has led to China "purposively pursuing a particular path of international integration and doing so as part of its core modernization mission."⁵³ The PRC has opened itself to international trade and investment to a remarkable degree, to the point that it is 'playing the West's game', to borrow his metaphor. Christiansen also discusses China's deep entrenchment into the liberal system, emphasizing that PRC leadership believes that it deserves a greater say in existing institutions, like the International Monetary Fund (IMF), where its influence does not match its global presence, yet it is largely satisfied with the structure of other organizations – the United Nations (UN) and World Trade Organizations (WTO) – which largely facilitate China's pursuit of its interests. He states that, "a rising China has more reasons to avoid military and economic conflict with the United States and its allies than any previous rising power."⁵⁴ For Shambaugh, the PRC is a 'partial power'. His research shows a China that has achieved global power status in trade and economic interactions, but in other realms of international state power – diplomacy, culture, military projection, and

⁵¹ John J. Mearsheimer, "Can China Rise Peacefully?" *The National Interest*, October 25, 2015. Accessed January 3, 2016 at <http://nationalinterest.org/commentary/can-china-rise-peacefully-10204>

⁵² Yan Xuetong, "How China Can Defeat America," *New York Times*, November 21, 2011. Accessed January 3, 2016 at http://www.nytimes.com/2011/11/21/opinion/how-china-can-defeat-america.html?_r=0

⁵³ Edward S. Steinfeld, *Playing Our Game: Why China's Rise Doesn't Threaten the West*, (Oxford: Oxford University Press, 2010): 229.

⁵⁴ Thomas J. Christiansen, *The China Challenge: Shaping the Choices of a Rising Power*, (New York: W.W. Norton & Company, 2015): 62.

global governance – he concludes that China is “nowhere near being in the league of the United States, either in individual categories or collectively – and therefore may better be thought as a ‘middle power’ and regional power like Australia, Brazil, Britain, France, India, Japan, or Russia.”⁵⁵ As such, he concludes that not only is the PRC not ready for global leadership or a challenge to the existing order, but that its leaders do not want such a role. Instead, Shambaugh believes that, “more than anything, China wants to be prosperous, secure, respected, and let alone in its own geocultural orbit.”⁵⁶

Given these two competing visions of China’s rise in the international system - China challenging the status quo or accepting it - this dissertation argues that China’s international political behavior is consistent with the second view. The PRC’s political elites are pursuing domestic stability first and foremost. The motivation for international power and status is to achieve this goal of strengthening the Chinese state rather than to pursue international dominance. They are therefore using the liberal world order as a means of increasing the state’s power and in so doing, ensuring the continued rule of the CCP. PRC leadership recognizes that China has benefited tremendously from the current order, especially since joining the WTO in 2001, and has consistently stressed a preference for the maintenance of the status quo. In a 2015 interview, Premier Li Keqiang, while discussing the creation of the Asian International Infrastructure Bank (AIIB), “repeatedly insisted that China has no desire to create a new world order” and stated, “China wants to work with others to uphold the existing international financial system. [The AIIB] is intended to be a supplement to the current international financial system.”⁵⁷

By 2011, the PRC had the world’s second largest economy, with a GDP of \$5.87 trillion; had the highest growth rates over the previous two decades, at an average of 10.2 percent, accounting for 40 percent of the world’s economic growth; was the largest exporter, second largest importer, and second largest

⁵⁵ Shambaugh, *China Goes Global*: 310.

⁵⁶ Ibid: 317.

⁵⁷ Lionel Barber, David Pilling and Jamil Anderlini, “Interview: Li Keqiang on China’s Challenges,” *Financial Times*, April 15, 2015. Accessed January 3, 2016 at <http://www.ft.com/intl/cms/s/2/38307b3e-e28d-11e4-aa1d-00144feab7de.html#axzz3wBAdXS9z>

trading state; was the second largest recipient of foreign direct investment, at \$105.7 billion; and had the largest foreign exchange reserves, at \$3.2 trillion.⁵⁸ It received essential technology transfers, training in administrative practices, and an understanding of the principles and practices of international markets.⁵⁹ The PRC's prosperity is directly linked to the liberal world order. Its international political behavior in the Gulf will therefore reflect this need for prolonged stability in order to continue to collect the benefits of systemic participation.

Intervening Variable: Elite Perceptions of Systemic Pressures

The CCP leadership transition from Mao to Deng marked a significant break from the PRC's international political behavior, and this reflected diverging elite perceptions of the systemic pressures facing China. The PRC under Mao was a revisionist state, viewing the Western-led order with suspicion and hostility. Instead of participation in international organizations and regimes Mao pursued a doctrine of self-reliance, which brought the PRC to the brink of economic collapse, threatening the continued rule of the CCP. Policy changes under Deng, including the implementation of Zhou Enlai's Four Modernizations (*si ge xiandaihua*) and the Opening Up Policy (*gaige kaifang*), initiated the Era of Reform, a radical change where the PRC used participation in the liberal order to modernize China's economy. In the process, the PRC changed its international political orientation from a revisionist to a status quo power⁶⁰, with CCP elites concluding that their interests, which are directly linked to continued CCP rule – lie in maximizing the PRC's relative power through participation in the system rather than trying to subvert it.

⁵⁸ Shambaugh, *China Goes Global*: 156-157.

⁵⁹ Marc Lanteigne, *Chinese Foreign Policy: An Introduction*, (London: Routledge, 2013): 63-68.

⁶⁰ See Alastair Iain Johnston, "Is China a Status Quo Power?" *International Security*, 27:4, (2003): 5-56; Fei-Ling Wang, "Preservation, Prosperity and Power: What Motivates China's Foreign Power?" *Journal of Contemporary China*, 14:45 (2005): 669-694; Zhu Liqun, "China's Foreign Policy Debates," *European Union Institute for Security Studies*, Chaillot Paper September 2010; Nathan and Scobell, *China's Search for Security*, 2012.

Under Mao, Chinese foreign policy was especially indicative of the importance of elite perceptions of systemic pressures in foreign policy decisions. Described as vertical authoritarianism⁶¹, the PRC's foreign policy decision-making process was largely personalized, driven by Mao's strategic vision of the PRC's threats and interests, with little in the way of an established bureaucratic apparatus to help shape foreign policy. The Ministry of Foreign Affairs' job was largely to carry out Mao's vision. Zhou Enlai was premier of the PRC from 1949 until his death in 1976 and also served as Foreign Minister from 1949-1958, and had significant input in international politics, but those close to Zhou claimed that, "Mao's dominant role, especially in making broad strategic decisions on foreign policy, greatly overshadowed that of Zhou."⁶² Mao's foreign policy objectives were largely a means of responding to domestic political concerns linked to the issues of ideology and sovereignty.⁶³ The late-Qing experience of foreign interference and the Japanese occupation of large parts of China during the Pacific War reinforced the importance of managing the territorial integrity of a very large state. For Mao, the Marxist-Leninist ideology was the means of creating and maintaining a state capable of ensuring sovereignty, which also allowed for the continued domination of the CCP in China. State sovereignty and regime security were essentially two sides of the same coin, and foreign policy and domestic politics were always closely linked.

Mao's perceptions of systemic pressures were strongly linked to his belief that leaders of external powers, especially the USA, were hostile to the CCP and therefore were actively engaged in trying to destabilize it from within. Christiansen's analysis of the PRC's use of force in the Korean War and two Taiwan Straits crises in 1954-55 and 1958 highlight the importance of CCP elites' perceptions of systemic pressures and the link to domestic stability. The decision

⁶¹ Zhao Quansheng, "Domestic Factors of Chinese Foreign Policy: From Vertical to Horizontal Authoritarianism," *The Annals of American Academy of Political and Social Science*, 51:9, (1992): 158-175.

⁶² A. Doak Barnett, *The Making of Foreign Policy in China: Structure and Process*, (Boulder: Westview Press, 1985): 7-8.

⁶³ See Zhao, "Domestic Factors of Chinese Foreign Policy"; Thomas W. Robinson, "Chinese Foreign Policy from the 1940s to the 1990s," in *Chinese Foreign Policy: Theory and Practice*, ed. Thomas W. Robinson and David Shambaugh (Oxford: Clarendon Press, 1997): 555-567.

to enter the Korean War was largely made because of a perceived hostility from Washington toward the CCP and a concern in Beijing of support from the USA for domestic enemies within China. The use of limited force against Taiwan in 1954-1955 was meant to warn Taiwan of the consequences of a formal alliance with the USA, which Mao viewed as a threat to domestic stability that would prevent the reunification of China under CCP leadership. At the same time, a stronger US role in Taiwan was viewed in Beijing as a hostile encirclement of anti-communist states attempting to prevent the spread of China's revolution. The PRC attack on Taiwanese troops again in 1958 on the Quemoy and Matsu islands coincided with the PRC's increasingly tense relationship with the USSR, which had a direct domestic political impact: the perceived need to create a self-sufficient China through the Great Leap Forward. The attack on Taiwan was a strategy to mobilize the Chinese population behind the CCP with a manufactured crisis.⁶⁴ Thus, the link between elite perceptions of international pressure, foreign policy, and domestic politics is well established under Mao.

During the bipolar Cold War system, the PRC's views of systemic pressures changed, depending largely upon elite perceptions of China's position within a strategic triangle between it, the Soviet Union, and the USA. Beijing's approach to international political issues that were not directly related to superpower rivalry was nonetheless shaped by its position in this strategic triangle at the time. Robinson stated,

So long as Chinese policy focused primarily on the United States and the Soviet Union, many other aspects of Beijing's foreign relations tended to follow. In fact, once it was apparent where China stood at any given moment on the spectrum of extreme pro-Sovietism, rejection of both superpowers, balance between them, and reasonably warm relation with the United States, one could derive Chinese policy toward states outside the triangle, international institutions, global issues, and revolutionary movements.⁶⁵

⁶⁴ Thomas J. Christiansen, "Windows and War: Trend Analysis and Beijing's Use of Force," in *New Directions in the Study of China's Foreign Policy*, eds. Alastair Iain Johnston and Robert S. Ross (Stanford: Stanford University Press, 2006): 54-63

⁶⁵ Thomas W. Robinson, "Chinese Foreign Policy from the 1940s to the 1990s," in *Chinese Foreign Policy: Theory and Practice*, Eds. Thomas W. Robinson and David Shambaugh, (Oxford: Clarendon Press, 1997): 563.

Bipolarity remained the main feature of the system, but the PRC's alignment within this system varied; sometimes it stood to one side and sometimes it stood alone, pursuing an independent foreign policy. This had an important impact on China's relations with states in the Middle East, as is described in further detail in the following case studies. PRC elites tended to see Middle Eastern countries through an ideological lens during Mao's leadership, and China's relations with Gulf Arab monarchies, which were firmly aligned with the West, were indicative of the status of its relations with the USSR or the USA. As tensions with the USSR increased in the early 1960s, Mao's interpretation of imperialism, especially his concept of the intermediate zone, led to attempts to challenge the Soviet leadership role with Arab Nationalists and Communist parties. When relations with the USA started to warm in 1969, PRC support for revolutionary movements in the Middle East waned (see the Oman case study), as China shifted its support an American-led status quo. Thus PRC political elites' perception of systemic pressures was an important variable during Mao's leadership.

Under Deng they continued to be so, but his leadership marked an important transition in how Chinese leaders considered their role in the international system. Whereas the PRC under Mao eschewed involvement in the Western order, the PRC under Deng actively pursued participation. Under Mao, China avoided membership in international regimes and organizations, believing that the costs of multilateral cooperation in the form of weakened sovereignty were too great for a developing state. Mao believed that participation would put the PRC in a position of vulnerability and emphasized self-reliance in economic development.⁶⁶ As a result, the PRC was denied the economic benefits of regime and organizational participation, and its modernization program was several decades behind that of Japan, South Korea, Taiwan, Hong Kong, and Singapore. In his memoir of China's Reform Era, former Vice Premier Li Lanqing claims that "Chinese and foreign history has long borne out the objective law: A nation thrives whenever it swings its doors open to the world, and goes downhill whenever it dwells behind closed doors."⁶⁷ When Deng Xiaoping rose to power at the Third

⁶⁶ Lanteinge: *Chinese Foreign Policy*: 63

⁶⁷ Li Lanqing, *Breaking Through: The Birth of China's Opening-Up Policy* (Oxford: Oxford University Press, 2009): 5.

Plenum of the Eleventh Central Committee in 1978, the CCP's poor economic record threatened its continued legitimacy. Deng believed that if the CCP were to continue to maintain power, it would require dramatic economic reform based on performance legitimacy.⁶⁸ The Opening Up and Four Modernizations policies were Deng's attempt to jumpstart the PRC's economic development through denser integration with the international system. Without technology transfer and capital injection from foreign countries - especially developed capitalist countries - any economic reform would be stillborn; participation in international organizations and regimes provided the PRC with the opportunity to access investment capital, technology, managerial and administrative skills, and the norms of international trade. Beginning slowly with membership in economic regimes - security regimes were considered to be still unacceptably risky in the early stages of the Era of Reform - the PRC's acceptance of globalization was "halting, costly, and deeply ambivalent."⁶⁹ Within the CCP elite there was considerable debate about reform, the social changes it was creating, and the Party's response to this changing dynamic.⁷⁰ Fewsmith describes factional battles over the direction of reform in China from the beginning of the Era of Reform in 1978 until 1992, the point when the Fourteenth Party Congress enshrined Deng's economic policy: "On the one hand those who looked to the 1950s as a 'golden age' emphasized ideology, political loyalty, and the planned economy, whereas those who believed in more radical change stressed 'reform and opening up.'"⁷¹ This tension between the domestic actors who felt that reform was detrimental to their interests and the clear development costs of continued self-imposed exclusion from the international liberal order emphasize the ongoing tension within the CCP. The Party's reliance on performance legitimacy as a means to consolidate the continuation of CCP rule requires a focus on both the systemic pressures that are inherent in participation within the liberal order while at the same time trying to manage the serious domestic disruptions that the PRC faces. In retrospect, an

⁶⁸ Joseph Fewsmith, *The Logic and Limits of Political Reform in China* (Cambridge: Cambridge University Press, 2013): 1-4.

⁶⁹ Nathan and Scobell, *China's Search for Security*: 242.

⁷⁰ Joseph Fewsmith, *China Since Tiananmen* (Cambridge: Cambridge University Press, 2008): 21-22.

⁷¹ Ibid: 78.

average of 9.6 percent growth since 1978 would make the CCP's choice to align itself with the liberal order an obvious one, yet it was anything but obvious; Deng's famous phrase, "crossing the river by feeling for stones," is an apt description of the process. Limited material incentives to increase agricultural production led to limited use of foreign agricultural technology; the increase in production created an opportunity for export, which required learning foreign marketing practices and partnering with outside states for joint venture projects. It was a seemingly minor opening, but each success demonstrated an opportunity for further benefits of a gradual integration into international markets.

The Era of Reform marked a transition that Nathan and Scobell describe as "from autarky to interdependence"⁷², and this required a different approach to foreign policy making. Policy making in China changed from a vertical authoritarianism to a horizontal one, with decisions still coming from a narrow but a less concentrated group than under Mao, with several bases of power within the top level of the CCP representing different interests and opinions.⁷³ Rather than the rigid and ideological approach that Mao used to consolidate his authority and the legitimacy of the CCP, foreign policy decisions under Deng reflected the need for a stable international environment in which China could enact its domestic reform and economic modernization. His famous foreign policy dictum, calling for China to "bide its time, hide its brightness, not seek leadership, but do some things" (*taoguang yanghui, bu dang tou, you suo zuowei*) reflects a pragmatic approach to foreign policy in which the underlying motivation for all decisions was the need to strengthen China from within before it could pursue a more active international agenda.⁷⁴ During the Deng era, the PRC moved to an "independent and autonomous" (*duli zhizhu*) foreign policy, albeit one more aligned with international norms, including membership in the World Bank and IMF, and

⁷² Nathan and Scobell, *China's Search for Security*: 244.

⁷³ Zhao, 1992, p. 161

⁷⁴ It has not been established that Deng ever actually made this statement. It has often been attributed to him, and most attribute it to a speech he made in September 1989, when he was discussing China's international orientation in the wake of the Tiananmen Square massacre and the end of East European communism. His successor, Jiang Zemin, did actually use the phrase in a 1998 speech, although history seems to have linked it to Deng. See Shambaugh, *China Goes Global*: 18-19.

support for the United Nations Charter and processes. The link between economic development in China and closer relations with the West were apparent, as the Four Modernizations required technology and economic support from developed states. While the objective of enhanced sovereignty was consistent from Mao to Deng, it had become clear that the means of achieving it had changed. Describing this new approach, one Chinese scholar has stated, “the whole concept of national security (including economic security) manifests departure from the previous one which was based on security of existence. What China pursues now is a security of sustained development.”⁷⁵

While its interests and perceptions of the international system were largely similar from Mao to Deng, there was a marked difference in China’s approach to international politics after Deng took over and initiated the era of reform. To outside observers, the foreign policy process was as difficult to interpret or predict as it was under Mao, remaining “highly centralized, and China’s diplomatic corps remained undertrained and inexperienced. Worse, the content of China’s actual policies themselves was often inaccessible and vague.”⁷⁶ At the same time, experienced China watchers realised that by linking international behaviour to domestic concerns, one would have a more clear understanding of what CCP leadership was trying to achieve: “If one could first understand what the Party was attempting at home, many aspects of China’s foreign policy would become clear, and the analyst would possess a sure instrument for better understanding what at times was rational, and at other occasions was bizarre, international behaviour.”⁷⁷ This was consistent with foreign policy under both Mao and Deng. Still, there was clear distinction between how Mao and Deng pursued their foreign policy goals. According to one Chinese scholar,

Mao and Deng had the same goals – to make China rich and strong. Mao used alliances to do it; Deng pursued interdependence to do it, integration into the world, outsourcing technology and capital. Mao emphasized idea [‘normative’] power to mobilize people, and Deng attached more importance to material aspects, incentives. In terms of military strategy, Mao was very defensive – guerrilla or people’s war

⁷⁵ Wu Baiyi (2001). The Chinese Security Concept and its Historical Evolution, *Journal of Contemporary China*, 10(27): 281.

⁷⁶ M. Taylor Fravel and Evan S. Meideros, “China’s New Diplomacy,” *Foreign Affairs*, 82:6 (2003): 224.

⁷⁷ Robinson, “Chinese Foreign Policy from the 1940s to the 1990s”: 562.

and development of nuclear weapons were for political reasons. Deng placed a lot of importance on economics; after the economy was strong he would spend more on the military.⁷⁸

Essentially, the leadership of Deng transformed China into a status quo state. Beginning with Deng and continuing with all CCP leaders since, decision makers have come to the conclusion that the PRC's interests lie in maximizing its relative power through the international system rather than trying to subvert it through revolutionary behaviour as under Mao. This position "inside the international system" is seen in China's list of organizational memberships and involvement in international trade. Trade growth alone has been spectacular: in the late 1970s, China's international trade was \$20 billion; by 2004 it was \$1.15 trillion.⁷⁹ In 2013 it had increased to almost \$4.2 trillion.⁸⁰ As a percentage of GDP, China's trade nearly doubled once every decade from 1970 to 2000 from 5.2 percent in 1970, to 12.9 percent in 1980, to 26.8 percent in 1990, to 44 percent in 2000.⁸¹ This reflects the depth of China's level of entrenchment in the international structure, as well as the depth of the CCP's commitment to linking its future success with that of the international order.

This institutional activism must be considered as a national power strategy, however, and does not signal a new-found commitment to liberal internationalism; it is a realist approach whereby the importance of institutions is acknowledged, but only insofar as they promote or advance CCP elite perceptions of China's national interest. CCP leadership has proven willing to comply with the restraints imposed by international organizations when the benefits outweigh the costs, and resistant when compliance is not in their interests. There is a belief that deeper entrenchment in the liberal international system is socializing China, that the benefits of membership in international organizations are bringing China closer

⁷⁸ David Lampton, *The Three Faces of Chinese Power: Might, Money and Minds*, (Los Angeles: University of California Press, 2008): 307.

⁷⁹ Samuel S. Kim, "Chinese Foreign Policy Faces Globalization Challenges," in *New Directions in the Study of Chinese Foreign Policy*, Eds. Alastair Iain Johnston and Robert S. Ross, (Stanford: Stanford University Press, 2006): 285.

⁸⁰ World Trade Organization, *International Trade Statistics 2013*. Accessed January 9, 2016, at

https://www.wto.org/english/res_e/statistics_e/its2013_e/its2013_e.pdf

⁸¹ Kim, "Chinese Foreign Policy Faces Globalization Challenges": 285.

to the norms of member states.⁸² Much of the evidence, however, indicates that thus far, China's commitment to a liberal international order is superficial, that it uses membership in international organizations "to avoid losing face and influence,"⁸³ or "to symbolize the PRC's formal status as a country that must be included when deliberating matters of regional or global importance."⁸⁴ Goldstein believes that there has been a degree of positive reinforcement from international organization membership: "China apparently concluded that accepting the constraints that come with working in multilateral settings was preferable to the risk of isolation and encirclement and could help foster a reputation for responsible international behaviour."⁸⁵ Wu acknowledges this tension between China's realist instincts and the draw toward multilateralism, making the distinction between economic issues versus political and security issues:

In the economic area, Beijing seems to have become reconciled to the idea of 'limited sovereignty', that is, to benefit from economic interdependence, it has to compromise some of its sovereignty... On political and security fronts, however, China's adjustments appear to be tactical and superficial – Beijing is unwilling to allow any outside actor to be a legitimate influence on its political and security policies.⁸⁶

There is, however, an awareness that membership has its privileges; China's long list of formal institution memberships is seen as a major boost to its international status, which contributes to enhancing the CCP's domestic legitimacy as well. Membership in these international organizations has also played a vital role in China's economic rise, reinforcing the idea that China, which has benefited perhaps more than any other state in this era of globalization, has more to lose should the status quo be disrupted.

⁸² Ikenberry describes an international system that "hard to overturn and easy to join" and concludes that, "The United States cannot thwart China's rise, but it can help ensure that China's power is exercised within the rules and institutions that the United States and its partners have crafted over the last century, rules and institutions that can protect the interests of all states in the more crowded world of the future." G. John Ikenberry "The Rise of China and the Future of the West," *Foreign Affairs*, 87:1 (2008):37.

⁸³ Christiansen, "Windows and Wars:" 38.

⁸⁴ Avery Goldstein, "The Diplomatic Face of China's Grand Strategy: A Rising Power's Emerging Choice," *The China Quarterly*, 168 (2001): 842.

⁸⁵ Ibid: 843.

⁸⁶ Wu Xinbo, "Four Contradictions Constraining China's Foreign Policy Behavior," *Journal of Contemporary China*, 10:27 (2001): 296-297.

The first generation of CCP leaders, with a rigid ideological approach to international politics, viewed the liberal international order with suspicion and hostility. By the time of President Hu Jintao's administration (2002-2012), the dominant actors within the CCP saw the state's interests – as well as their own – as being linked to the international system through dense ties of globalization.⁸⁷ Elite perceptions of systemic pressures therefore appear to be consistent with the maintenance of the status quo, and in their relations with GCC states, as the case studies emphasize, Chinese leaders are working to enhance the PRC's international standing within this system.

Intervening Variable: Domestic Political Pressures

Two of the most significant domestic pressures that influence Chinese international political choices are the limits to sovereignty that are a feature of globalization and ethnic unrest in Tibet and Xinjiang. The first variable, as discussed in the preceding section, is seen as a necessary compromise in order to gain the benefits of systemic participation, but result in economic and social pressures. The second variable challenges the PRC's narrative of a pacifist, non-expansionist state. It also has the potential to challenge the PRC's territorial integrity. Taken together, these two domestic factors play a large role in shaping the PRC's approach to international politics, and its relations with the GCC take on a heightened importance, especially with regards to the second, as will be discussed below.

While the PRC's political elites pursue state strengthening and increased relative power through participation in the international system, this increased interdependence in the global economy has also demonstrated the costs in terms of greater vulnerability and sensitivity to international political and economic situations beyond the control of PRC leadership, as well as social pressures that are difficult to manage. During the global financial crisis of 2008-2009, China's economy proved less vulnerable than many other states, yet China was still highly

⁸⁷ Deng Yong, *China's Struggle for Status: The Realignment of International Relations*, (Cambridge: Cambridge University Press, 2008): 271.

sensitive to global market instability. A senior Chinese bank official meeting an American delegation in 2008 explained,

The real thing that is hurting us is the Western recession. Trade is 79 percent of our GDP – 38 percent is exports, and of this, 18 percent is exports to the U.S. and 20 percent to Europe. In 2007, there was 11 percent growth (2.7 percent of this was from net exports). Now export growth has got us [down] to 9 percent.⁸⁸

For any developed state, 9 percent growth would be considered a tremendous achievement; in the PRC it was cause for concern. According to Minxin Pei, it was actually a sign of economic underperformance that could lead to domestic instability. According to Pei, each percentage point of economic growth in China at that time equaled approximately one million new jobs per year. With a labor force growing at a rate of over 10 million workers per year, the PRC needed to record annual growth rates of 10 percent in order to absorb the influx of labor.⁸⁹ This is especially daunting given the rise of public protests, or mass incidents, in China in the period since joining the WTO. The Chinese economy transformed rapidly during the Era of Reform, from a planned to a market economy. As the state's role in the economy changed and many state-owned enterprises (SOEs) privatized, more than 20 million SOE jobs were lost in market reforms up to 2004, leading to a dramatic increase in protests.⁹⁰ In 1993, China recorded 8,700 mass incidents; in 1998 there were 32,000, representing an increase of 268 percent.⁹¹ By 2005, this number had increased to 87,000⁹², and in 2011 there were an

⁸⁸ In David Lampton, *Following the Leader: Ruling China, from Deng Xiaoping to Xi Jinping*, (Berkley: University of California Press, 2014): 121-122.

⁸⁹ Minxin Pei, "Will The Chinese Communist Party Survive the Crisis?" *Foreign Affairs* (2009). Accessed January 3, 2016 at <https://www.foreignaffairs.com/articles/asia/2009-03-12/will-chinese-communist-party-survive-crisis>

⁹⁰ Albert Keidel, "The Economic Basis for Social Unrest in China." Paper presented at The Third European-American Dialogue on China, Washington DC, May 26-27, 2005. 2005, p. 2

⁹¹ Murray Scot Tanner, "China Rethinks Unrest," *The Washington Quarterly*, 27:3 (2004): 138.

⁹² Will Freeman, "The Accuracy of China's 'Mass Incidents'," *Financial Times*, March 2, 2012. Accessed January 3, 2016 at <http://www.ft.com/intl/cms/s/0/9ee6fa64-25b5-11df-9bd3-00144feab49a.html#axzz3wBAdXS9z>

estimated 180,000, or approximately 400 protests every day.⁹³ The motivation for these mass incidents is based on several factors: widespread official corruption, environmental degradation, and economic problems. They emphasize the challenges of governing China, reflecting the CCP's preoccupation with domestic rather than international political concerns. This was reinforced when President Hu reportedly told President Bush that much of his time was consumed with "fighting corruption, rural unrest, the widening wealth gap, and severe pollution."⁹⁴ China's former Deputy Director of the Ministry of Environmental Protection, Pan Yue, also described the domestic challenges of governing China:

Our raw materials are scarce, we don't have enough land, and our population is constantly growing. Currently, there are 1.3 billion people living in China; that's twice as many as 50 years ago. In 2020, there will be 1.5 billion people in China. Cities are growing, but desert areas are expanding at the same time; habitable and useful land has been halved over the last 50 years...Half of the water in our seven largest rivers is completely useless. One third of the urban population is breathing polluted air...If the gap between the poor and the rich widens, then regions within China and the society as a whole will become unstable.⁹⁵

Domestic political stability is the dominant concern of the PRC's political elite, and a stable international environment has long been seen as a requirement in achieving this. Its economic and political integration into the liberal order has therefore been a response to both the domestic political concerns facing the CCP as well as the opportunities afforded the PRC by an international system that was perceived as offering more benefits than costs to PRC leadership.

The PRC's 2010 defense white paper, *China's National Defense in 2010*,

⁹³ Matt Shiavenza, "Why China Can Handle Social Unrest," *The Atlantic Monthly* May 21, 2013. Accessed January 3, 2016 at <http://www.theatlantic.com/china/archive/2013/05/why-china-can-handle-social-unrest/276094/>

⁹⁴ Dennis Ross, *Statecraft: And How to Restore America's Standing in the World*, (New York: Farrar, Straus and Giroux, 2007): 325.

⁹⁵ Andreas Lorenz, "Spiegel Interview with China's Deputy Minister of the Environment: The Chinese Miracle Will End Soon," *Der Spiegel*, August 10, 2005. Accessed January 3, 2016 at <http://www.spiegel.de/international/spiegel/spiegel-interview-with-china-s-deputy-minister-of-the-environment-the-chinese-miracle-will-end-soon-a-345694.html>

states, "Traditional security concerns blend with non-traditional ones and domestic concerns interact with international security ones, making it hard for traditional security approaches and mechanisms to respond effectively to the various security issues and challenges in the world."⁹⁶ It then identifies China's national defense goals as:

- Safeguarding national sovereignty, security and interests of national development
- Maintaining social harmony and stability
- Accelerating the modernization of national defence and the armed forces
- Maintaining world peace and stability⁹⁷

The second national defence goal, maintaining harmony and stability, focuses on one of China's most significant and long-standing security concerns: the threat of destabilization from within. The PRC's foreign policy throughout the Cold War allowed China to safeguard its sovereignty to the point where there were few legitimate external threats. Indeed, in the period following Deng's administration, China found itself "more confident about its security environment than it has been at any time since the founding of the PRC."⁹⁸ Domestic threats are perceived as a different matter, however, and are given added weight when the PRC articulates its security concerns. The CCP believes that domestic threats "are as dangerous as foreign threats, and that national unification is a traditional Chinese core strategic cultural value."⁹⁹

One domestic concern for the CCP is China's separatist movements in non-Han ethnic groups. China is comprised of several different ethnic groups, with 55 recognized, non-Han ethnicities. In the cases of the Tibetans and the Uighurs of Xinjiang, repressive policies still exist and are the cause of tremendous resentment toward Beijing. Many of the most serious domestic security concerns come from China's west; "home to only 23% of the nation's total population, it accounts for 56% of the nation's ethnic minorities, who contribute to a significant share of the

⁹⁶ China's Information Office of the State Council, *China's National Defense in 2010*. Accessed January 9, 2016, at http://www.china.org.cn/government/whitepaper/node_7114675.htm

⁹⁷ Ibid.

⁹⁸ Glaser, 1993, p. 252

⁹⁹ Scobell, *China and Strategic Culture*: 4.

population in several provinces: 94% in Tibet, 61% in Xinjiang, and 35% in Ningxia and Qinghai.”¹⁰⁰ In addition to their ethnic composition, Tibet and Xinjiang are also geopolitically very important to China, providing a buffer between China and India as well as a corridor to Central Asia's vast energy resources. Neither province, however, is especially stable. Cultural and religious practices have been oppressed, and politically, there is little autonomy for either group, with Han Chinese political administrators. This has led to large-scale riots in both provinces and resulted in further governmental repression. CCP leaders view the domestic situation in both provinces as a national security issue, reinforcing the linkage between internal and external security threats. Both Xinjiang and Tibet have been used as proxies by other states to destabilize China from within. In the 1950s, Taiwanese and U.S. intelligence agencies trained Tibetan guerrillas, first in Taiwan and then in Colorado, and parachuted arms and supplies to rebels in Tibet. After the PLA routed the rebel forces, they fled to India, also with CIA aid, where they received more support, arms, and training.¹⁰¹ In Xinjiang, Beijing also faced problems of foreign threat combined with internal insecurity, in this case from the Soviet Union. The USSR could not directly interfere in Xinjiang, but it did encourage emigration and broadcast anti-China propaganda condemning “the ‘cultural genocide’ being carried out under Chinese rule and contrasting the poverty and regimentation of Chinese Uighurs and Uzbeks with the prosperity and freedom enjoyed by their brethren just across the border in Soviet Central Asia.”¹⁰²

The CCP approach to the problem of ethnic unrest has been to address it economically rather than politically. The modernization plan initiated with the Era of Reform called for the coastal region to develop first and then use the revenue generated to develop the inland areas. However, the inland areas have been slower to develop, and the typical narrative of a fast-developing China does not accurately describe the experience of many from outside the coastal areas. With heightened protests inland, President Jiang Zemin announced in 1999 that it was finally time

¹⁰⁰ Lai Hongyi, “China’s Western Development Program: Its Rationale, Implementation, and Prospects, *Modern China*, 28:4 (2002): 445-446.

¹⁰¹ John Garver, *Foreign Relations of the People’s Republic of China*, Englewood Cliffs: Prentice Hall, 1993): 269.

¹⁰² *Ibid*: 273.

to direct development inland, and the Western Development Program began to take effect. The sheer number of infrastructure and development projects needed to build up the region is staggering, with massive investments required in transportation (210,000 km of highway, new railways, upgrading 20 airports as regional hubs, developing river lanes), energy (oil and natural gas pipelines, hydropower generation and transmission), irrigation, and improved urban infrastructure.¹⁰³ The focus on urban development is crucial; the 2010 census reports that 49.75% of Chinese now live in urban areas, up from 36.09% in the 2000 census and 26.23% in 1990. The enormity of China's task in developing beyond its coastal areas is reflected in President Jiang's prediction that "it might take the nation decades or even the entire 21st century."¹⁰⁴ Without this development, however, there is the threat that domestic instability could undermine CCP rule and with it, the state's security.

For PRC leadership, domestic pressures are factors that figure into their political calculations and shape its perceptions of external systemic pressures. The following section discusses how the GCC member states figure into the PRC's international political decision-making.

The GCC in the PRC's Foreign Policy Calculations

China and the GCC are in the process of becoming very important to each other. From the perspective of domestic drivers of the relations, energy is obviously a key element of the relationship for China. In order to maintain growth rates and continue its inland development plan, China has had to reconsider its approach to energy. In the early 1980s, China was the largest exporter of oil in East Asia, and the sixth largest producer of crude oil in the world.¹⁰⁵ However, new sources of domestic supply were not developed, producing fields began to decline, and its exports diminished. By 1993, a domestic demand spike combined with this stagnating production, and as a result, China became a net energy importer.

¹⁰³ Lai, "China's Western Development Program": 450-453.

¹⁰⁴ Ibid: 451.

¹⁰⁵ Robert E. Ebel, *China's Energy Future: The Middle Kingdom Seeks its Place in the Sun*, (Washington, Center for Strategic and International Studies, 2005): 9.

Between 1978 and 2004, China's energy consumption increased by 245 percent, compared to production increases of 194 percent.¹⁰⁶ Demand has continued to increase at this pace; in 2013 China's domestic production was 4.5 million barrels per day (BPD) with consumption at 10.7 million BPD, a 4 percent increase in consumption from 2012.¹⁰⁷ A significant part of this was a result of its rapid economic development, as heavy industry required for infrastructure projects – steel mills, cement kilns, and aluminum smelters – make up more than two thirds of Chinese energy demand.¹⁰⁸ With oil imports projected to reach 80 percent of total consumption by 2030,¹⁰⁹ China has to depend on foreign energy to continue its growth. While China has been actively buying up equity oil around the globe¹¹⁰, the Persian Gulf region is its most important overseas source of oil. In 2013, 51 percent of China's crude oil imports came from the Gulf; 35 percent of that came from GCC member states¹¹¹, with the remaining 16 percent from Iran and Iraq.¹¹² The Gulf is therefore crucial for China's development, with energy being a major factor driving China's growing presence in the Gulf.

As will be described in the case studies below, however, China's effort to build relationships with the Gulf monarchies precludes oil imports from the region. PRC leadership has been actively pursuing stronger relations with each of the GCC states since the early 1970s, a process that continued until 1990 when

¹⁰⁶ He Fan and Qin Donghai, "China's Energy Strategy in the 21st Century," *China & World Economy*, 14:2 (2006): 94.

¹⁰⁷ "China: International Energy Data and Analysis," *U.S. Energy Information Administration*. Accessed January 9, 2016 at <http://www.eia.gov/countries/cab.cfm?fips=ch>

¹⁰⁸ International Crisis Group, "Asia Report No. 153: China's Thirst for Oil," (2008): 3. Accessed January 9, 2016 at http://www.crisisgroup.org/~media/Files/asia/north-east-asia/153_china_s_thirst_for_oil.ashx

¹⁰⁹ He and Qin, "China's Energy Strategy": 100.

¹¹⁰ In 2012 alone, China invested \$34 billion in overseas oil and gas assets, and since 2008 its national oil companies (NOCs) have bought energy assets in the Middle East, North America, South America, Africa and Asia. Equity oil production has increased from 140,000 BPD in 2000 to an estimated 2,000,000 BPD in 2012. U.S. Energy Information Administration, *China: International Energy Data and Analysis*. Accessed January 9, 2016 at <http://www.eia.gov/countries/cab.cfm?fips=ch>

¹¹¹ Ibid. Saudi Arabia, 19%; Oman, 9%; UAE, 4%; Kuwait, 3%

¹¹² Ibid.

Saudi Arabia became the last GCC member state to establish diplomatic relations with China. Since then, energy trade has represented an important facet of the relationships, but it is only one facet. Beyond oil, the GCC states represent several important economic interest areas for China, including infrastructure and construction projects, investment, and an export destination for Chinese products. The Gulf states are in the process of their own state-strengthening programs, using their massive energy revenues to fund significant infrastructure projects across the peninsula, and Chinese companies signed an estimated \$30 billion in contracts with GCC states between 2005 and 2014.¹¹³

There are systemic political calculations driving the relationships from China's side as well. As a geopolitically important region, a positive diplomatic presence also enhances China's international standing. The GCC states represent a sub-region of relative stability within the larger unstable region of the Middle East. As is discussed in the next chapter, this stability, largely underwritten by oil wealth, is shifting the traditional Middle Eastern balance of power from the Levant to the GCC, and the Arab Gulf monarchs are playing an increasingly powerful role in Middle Eastern diplomacy. By building strong political and diplomatic relations with GCC leadership, the PRC is enhancing its presence in the broader Middle East, which is important geostrategically given the presence of other international powers in regional politics.

From the perspective of the GCC states, China represents a trade partnership with tremendous potential. China's energy requirements represent a stable and ongoing source of energy exports. At the same time, its long-standing commitment to non-interference in the domestic politics of its trade partners means that, unlike the United States, China does not pressure GCC rulers on domestic political issues like human rights. Also unlike the United States, China's regional history is largely free of the political complications that undermine the USA-Arab relationship. As Prince Turki al Faisal, Saudi Arabia's former ambassador to the United States, has said, "China is not necessarily a better friend

¹¹³ "GCC Trade and Investment Flows," *The Economist Intelligence Unit*, (2014). Accessed January 9, 2016 at <http://www.economistinsights.com/sites/default/files/GCC%20Trade%20and%20investment%20flows.pdf>

than the United States, but it is a less complicated friend.”¹¹⁴ Another consideration for GCC leaders is the investment potential in China. Post-September 11, GCC investment has been “increasingly seeking to diversify away from their political and economic reliance on the US.”¹¹⁵ At the same time, “ties with China and India are expected to strengthen markedly over the next ten years, as these economies continue their meteoric rise. For GCC investors, expected returns on investment in Asia compare very well with those in the OECD.”¹¹⁶ There is a clear interest from the GCC side in pursuing closer ties to China as well, which is explored in detail in the next chapter.

Conclusion

This chapter has analysed the PRC’s approach to international politics in order to determine what motivates PRC political elites to pursue closer relations with the member states of the GCC. Discussing both the historical and contemporary Chinese approach to international politics, this chapter concludes that neither a constructivist nor a structural realist theoretical framework can adequately explain the PRC’s foreign policy. Despite the popular narrative of a uniquely Chinese approach to international politics linked to a historical *tianxia* system, this does not provide an accurate account of the actual practice of Chinese statecraft. Instead, an interest-based approach focusing on power politics does a better job of explaining China’s international political interactions through history. The problem with a purely structural realist approach is its focus on the system without taking unit-level considerations into account. In adopting a neoclassical realist theoretical approach, it has emphasized the importance in considering both the systemic pressures that influence the foreign policy decisions of PRC leaders as well as the intervening unit-level variables.

¹¹⁴ “World has ‘enough’ oil,” USA Today, May 9, 2006. Accessed January 9, 2016 at http://usatoday30.usatoday.com/news/opinion/editorials/2006-05-09-saudi-prince-forum_x.htm

¹¹⁵ “Near East Meets Far East: The Rise of Gulf Investment in Asia,” *The Economist Intelligence Unit*, (2007): 8.

¹¹⁶ “GCC Trade and Investment Flows: The Emerging Market Surge.” *The Economist Intelligence Unit* (2011): 10.

This chapter's discussion of China's participation in the contemporary liberal world order emphasizes that this is rooted in political decisions made by PRC political elites starting with Deng Xiaoping's rise to power in 1978. This decision was made in attempt to reverse the negative effects of Mao's economic policies, which had had a disastrous effect on the PRC's economy and threatened the CCP's continued rule. Participation in the liberal order was therefore chosen in order to increase China's wealth and power, a correct assumption that has had a transformational effect on the PRC's relative power within the system and has led to China assuming a role as a global power. In doing so, the PRC has transitioned from a revisionist power under Mao to a status quo power, accepting that its continued growth in relative power and domestic stability are inexorably linked to a stable international environment. This is consistent with the PRC elite perceptions of the systemic pressures facing China as well as their concerns regarding domestic challenges. Its motivations for pursuing deeper ties to the GCC are therefore rooted in this nexus of systemic pressures and domestic challenges. The next chapter analyzes the Gulf as a sub-region of relative stability within a larger Middle East system currently defined by widespread instability, explaining the international political issues that influence GCC foreign policy and what role this allows China to play in the region.

Chapter Four: The Security Environment of the Gulf: A Neoclassical Realist Analysis

Introduction

This chapter analyzes the security environment of the GCC in order to determine the motivation for GCC leaders to pursue stronger relationships with the PRC. As in the previous chapter, it begins by explaining the use of neoclassical realism as a theoretical framework in order to interpret Sino-GCC relations, in this case from the perspective of GCC political elites. As with Chinese international political behavior, the GCC member states' foreign policy orientation can only be understood as a response to both systemic pressures and unit-level domestic pressures, making neoclassical realism a more reliable theoretical approach than structural realism or constructivism, the two theories commonly used to approach regional politics.

The next section of this chapter explains the importance of the GCC as part of the Gulf sub-system within the larger Middle Eastern system. This is significant in explaining denser levels of Chinese interdependence with the GCC. The Middle East as a system is currently at its most unstable period in its history of modern states, with wars in Yemen and Syria, and fragile governments across the region. The GCC member states, with relatively small populations and tremendous energy revenue, have used a rentier system to distribute wealth, and provide employment and state benefits, creating stronger state power than is found in other parts of the Middle East. This has resulted in a relatively stable sub-system, an important factor in explaining why China is increasing its regional presence.

The next two sections of this chapter analyze the security environment of the GCC at the systemic and state levels. During their time as sovereign states, each of the GCC members have faced numerous security challenges, both military and ideologically, from the non-GCC members of the Gulf sub-system, Iran and Iraq. With much larger military capabilities and population bases, both Iran and

Iraq have historically attempted to dominate this system and assert themselves as a regional hegemon. This chapter analyzes two strategies the Gulf Arab monarchies have adopted to maintain their sovereignty: a reliance on external powers, and the creation of the GCC. Establishing the GCC has given the member states a degree of cohesion when facing security challenges, but has largely been ineffective as a security community. The reliance on external actors to provide for their security, however, has been remarkably effective in preventing any of the GCC states from being overwhelmed by an aggressive neighbor. Both of these responses to systemic pressures are important in analyzing China's potential role in the region. In terms of unit-level pressures, the two variables examined in this chapter are elite perceptions of systemic pressures that are generated by transnational ideological challenges to Gulf monarchies, and elite perceptions of domestic pressures that are generated by the challenges of their rentier system. Both of these sets of challenges cause Gulf political elites to perceive their regimes as vulnerable, despite their remarkable longevity. As with systemic pressures, these domestic pressures influence the international political decisions of GCC leaders, which is also important in understanding why they are pursuing closer ties to the PRC. This is the topic of the final section of this chapter. Having analyzed the Gulf security environment, it finishes with a discussion of what kind of role China can play in its relations with the Gulf Arab monarchies. While ties have thus far been largely commercial, the remarkable growth over a relatively short period of time indicates that GCC and PRC leaders view these as important long-term strategic relationships.

Neoclassical Realism and the GCC

As with the PRC, considerable debate on the GCC and IR theory exists, and also like the PRC, much of the discussion revolves around whether to interpret regional international politics through a realist or a constructivist approach. For reasons already explained in the methods chapter, this dissertation believes that neoclassical realism provides a more accurate explanation of how international politics work in the Gulf. However, it is worth discussing the competing views in order to emphasize the value of a neoclassical realist approach.

The case for a constructivist approach is strong because of the importance of ideational factors and identity politics that exist at a transnational level throughout the Gulf. While not explicitly constructivist, Gause's research emphasizes this focus, stating that leaders' perceptions of their interests are heavily influenced by transnational identities – Arab, Kurd, Muslim, Shia, Sunni, or tribal – which transcend borders and compete with state identities, and become perceived as matters of state security.¹ While the societies in question are long-standing as cultural and political units, the modern states are still in the process of consolidating their state power. At one extreme position of the role of the state in evaluating the GCC's international politics is Wright, who claims, "Given the historical backdrop, endemic insecurity, and ongoing state-building strategies, the states in the Middle East, particularly in the Arabian Peninsula, should not be viewed as consolidated entities in their own right."² Taken at this level, ideational considerations transcend state power and a realist approach. Adib-Moghadden's work is consistent with this, basing his interpretation of Gulf international politics completely upon identity issues, excluding material factors. His research claims that conflict within the region is not based on power politics, but rather the adoption of exclusionary identities by regional political elites.³ He describes competing ideologies like Salafism, political Islam, and Arab nationalism as drivers of regional conflict, and goes as far as to use ideological and cultural explanations as the causes of the war between Iran and Iraq, claiming that, "regional states were entangled in a war for ideological primacy, with clashing narratives of the state identities competing for dominance."⁴ Ulrichsen also adopts a constructivist approach in his recent study of Gulf security, stating,

the rise of primarily non-military sources of potential insecurity is profoundly reshaping the security paradigm in the Gulf States in the medium- and longer-term...Regional concepts of security need to be re-conceptualized as part of a holistic approach that locates the drivers

¹ F. Gregory Gause III, *The International Relations of the Persian Gulf*, (Cambridge: Cambridge University Press, 2010): 8-12.

² Steven Wright, "Foreign Policy in the GCC States," in *International Politics of the Persian Gulf*, ed. Mehran Kamrava, (Syracuse: Syracuse University Press, 2011): 75.

³ Arshin Adib-Modhaddam, *The International Politics of the Persian Gulf: A Cultural Genealogy*, (London: Routledge, 2006): 127.

⁴ Ibid. 23.

of change within the rapidly-globalizing international environment and interlinks them with socio-political and economic dimensions.⁵

Other important theoretical works on Gulf international politics agree that in any assessment of the region, the importance of ideology and identity is crucial. But at the same time, there is agreement that material considerations are equally, if not more, important in explaining Gulf politics. While he does not explicitly adopt any IR theoretical approach, Kamrava begins an analysis of the region's changing international relations landscape by noting,

Perhaps one of the most striking features of the international relations of the Persian Gulf is its securitization. For a variety of reasons, ranging from the nature of political rule within each of the countries of the region to the ways in which their international interactions have evolved historically, much of the international politics of the Persian Gulf has focused on security issues of one form or another.⁶

Gause, who as previously mentioned emphasizes the importance of transnational ideologies and identities, claims that, "the power situation cannot be divorced from the ideological map when assessing state behavior."⁷ He expands on this by suggesting a framework that

accepts the important insight that identities and ideas do matter in international security by showing how ideas can affect leaders' perceptions of their material interests. Transnational ideas about identity and politics can be power resources for ambitious leaders and can be threats to the regimes against which they are directed. It is only when those ideas are matched to the tangible power resources available to a state or political group that they become drivers in security decision-making. Ideas are important but not at the exclusion of concerns about power. It is at the intersection of ideational and material factors that we will find the explanations of the wars and alliances we see in the Gulf.⁸

This is consistent with the work of other area specialists, who stress the importance of ideational concerns but cannot discount the importance of

⁵ Kristian Coates-Ulrichsen, *Insecure Gulf: The End of Certainty and the Transition to the Post-Oil Era* (New York: Columbia University Press, 2010): 4.

⁶ Mehran Kamrava, "The Changing International Relations of the Persian Gulf," in *International Politics of the Persian Gulf*, ed. Mehran Kamrava (Syracuse: Syracuse University Press, 2011): 1.

⁷ Gause, *The International Relations of the Persian Gulf*: 12.

⁸ Ibid. 12.

traditional power considerations. In Nonneman's study on Saudi Arabia's foreign policy, for example, he describes four variables that need to be considered when analyzing the foreign policy of the 'global south':

- 1) domestic environment and the regime's survival imperative;
- 2) regional environment and transnational ideological and identity factors;
- 3) threats and opportunities of the international environment; and
- 4) decision-making structure and decision-makers' perceptions and role conceptions.⁹

He describes this as a "theoretically pluralist" approach that, "while taking on board many of the insights of the Realist school of thought in International Relations (IR), goes beyond this by delving into factors and dynamics internal to the state, and examining how these may or may not intertwine with transnational 'values.'"¹⁰

This reluctance to adopt a realist approach to explaining regional politics seems to be a reaction to the dominance of Waltzian neorealism. His exclusive focus on the systemic pressures from the international structure was clearly stated; neorealism is a theory of the international system, explaining how a particular system influences the states within it. This does not attempt to explain what happens in the state. Much of the realist theory that was produced after his *Theory of International Politics* was a response to neorealism, shaping the discourse of realism as a largely structural theory. When Gause, Nonneman, and even Ulrichsen emphasize that factors like transnational identities, or elite perceptions of domestic and international political environments need to be included in any calculus that explains Gulf politics, their reliance on versions of constructivism or a theoretically pluralist approach stems from structural realism's exclusion of unit-level variables. Yet it is not necessary to create a 'theoretically pluralistic' hybrid of neorealist and constructivist IR theory to explain the region's international politics; neoclassical realism provides this middle ground between the two, accepting the importance of the systemic

⁹ Gerd Nonneman, "Determinants and Patterns of Saudi Foreign Policy: 'Omnibalancing' and 'Relative Autonomy' in Multiple Environments," in *Saudi Arabia in the Balance: Political Economy, Society, Foreign Affairs*, ed. Gerd Nonneman and Paul Aarts (London: Hurst & Company, 2005): 317-318.

¹⁰ Ibid. 316.

pressures on statecraft while also emphasizing the importance of unit-level factors, such as elite preferences and perceptions, domestic political risk, and risk taking propensities of elites.¹¹

Neoclassical realism is especially useful in explaining international political decisions of the GCC states. Rather than assuming, as structural realism would, that political elites are responding exclusively to systemic level considerations, neoclassical realism assumes that leaders

almost always face a two-level game in devising and implementing grand strategy: on the one hand, they must respond to the external environment, but, on the other, they must extract and mobilize resources from domestic society, work through existing domestic institutions, and maintain the support of key stakeholders.¹²

For GCC political elites, the mobilization of resources is less of a concern given their energy wealth, but as Nonneman emphasizes, domestic support and regime survival are crucial factors in understanding GCC foreign policy decisions. Run by small circles of elites within the ruling families, one would assume that foreign policy decision makers are largely able to freely navigate the international political landscape. Important domestic actors, however, such as religious leaders, unemployed youth, business elites, and religious conservatives must be considered, if not necessarily whether or not they would support a certain policy, but how the policy could alienate or empower one or more of these domestic actors. This is consistent with David's omnibalancing theory of international political behavior in developing states: decisions are made after considering both systemic forces as well as how the decision could affect the ruling elite's hold on power, or the domestic as well as external threats to regime stability.¹³ Neoclassical realism's emphasis on relative power and state power resonate; the state's capacity to satisfy the domestic stakeholders (state power) as well as its ability to maneuver within an anarchic and insecure international system (relative power) determine the foreign policy options that decision-makers will most likely opt for. Striking a balance of managing both the domestic and systemic forces is

¹¹ Randall Schweller, *Unanswered Threats: Political Constraints on the Balance of Power* (Princeton: Princeton University Press, 2008): 46.

¹² Taliaferro et al., "Introduction": 7.

¹³ Steven R. David, "Explaining Third World Alignment," *World Politics* 43:2 (1991): 235-238.

the goal; neoclassical realists tell us that a preoccupation with the domestic leads to punishment from the international system.¹⁴ The systemic pressures that GCC member states face are significant, as is discussed below. But they alone cannot adequately explain the international political decisions that GCC leaders make. An account of the region's foreign policy decisions must consider both the external, systemic security concerns as well as the domestic political pressures. The next section of this chapter explains the rationale for considering the Gulf as a distinct sub-system within the broader Middle East system, which provides the context for analyzing the systemic pressures and then the unit level considerations that shape GCC international political decisions.

The Gulf as a Sub-system

As a region, the Middle East is in perhaps its greatest point of turmoil since the creation of its current nation states, with active wars in Yemen and Syria threatening to topple governments that are already unstable in the wake of the Arab Spring. With diminished state capacity in large parts of Syria and Iraq, *Daesh* has filled the power void, expanding its territory and threatening other weak states throughout the region. To understand why the PRC is deepening its footprint in the Gulf, it is important to understand it as a distinct and relatively stable sub-system within the larger unstable region of the Middle East. In doing so, the features of the GCC states that make them important partners for the PRC become apparent.

Scholarly IR work on the Middle East has included states from Morocco to Iran.¹⁵ This creates several problems, among them the inclusion of non-Arab states (Israel, Turkey, Iran); the cultural differences between North African, Levant, and Gulf societies; the significant variations in demographics, language,

¹⁴ Rathburn, "A Rose by Any Other Name": 296.

¹⁵ See Fred Halliday, *The Middle East in International Relations*, (Cambridge: Cambridge University Press, 2005); Bahgat Korany and Ali Hillal Dessouki, Eds., *The Foreign Policies of Arab States: The Challenge of Globalization*, (Cairo: The American University of Cairo Press, 2010); Louise Fawcett, Ed., *International Relations of the Middle East*. (Oxford: Oxford University Press, 2013); Raymond Hinnebusch and Anoushirava Ehteshami, Eds., *The Foreign Policy of Middle East States*. (Boulder: Lynne Rienner Publishers, 2014).

and religion; variation in state capacity, development, and resources; and different political systems. The six states that comprise the GCC share several characteristics. All are monarchies, with royal families that have ruled their societies for several generations and can claim political legitimacy to a greater degree than many governments in the Middle East. All are predominantly Muslim, although there are concentrations of different sects, with many Shia in Kuwait, Saudi Arabia, and Bahrain, which has a majority Shia population, and Oman is predominantly Ibadhi. All are defined as rentier economies, heavily dependent on energy exports, and have used the wealth generated by their oil and gas to build state capacity to very high levels in a relatively short time. All share what is known as a *Khaleeji* culture, a distinct regional culture based on traditions different from other regions of the Middle East. And all have used participation in the global economy to modernize quickly. At the same time, there are variations among them. Population size is one extreme difference, with Saudi Arabia on one end with nearly 29,000,000 people, and Bahrain on the other with 1,330,000. The population differences, combined with differences in resources, create different capacities for the state to distribute wealth, although there is a very high expectation that the state can and should provide a wide range of services for its citizens. In terms of their state capacity and durability, they have proven to be much more resilient than other Arab states, with little of the turbulence of the Arab Spring having made an impact.¹⁶ They have been able to use their tremendous oil wealth to build modern states that provide an incredible range of services, benefits, and employment opportunities to their relatively small local population, in the process creating a stable sub-region that is in the process of supplanting the Levant as the center of power in the Arab world.¹⁷ The GDP per

¹⁶ Bahrain is the exception here. It is the poorest GCC member and has a significant sectarian divide, with a ruling Sunni majority governing a Shia minority of approximately 70% of the population. During the Arab Spring Bahrain witnessed many popular protests against the ruling Al Khalifa family that were only resolved when troops from Saudi Arabia and the UAE intervened in support.

¹⁷ Anoushiravan Ehteshami, *Globalization and Geopolitics in the Middle East: Old Rules, New Games*. (London: Routledge, 2007): 134-135; Abdulkhaleq Abdulla, "Contemporary Socio-Political Issues of the Arab Gulf Moment," *Research Paper, Kuwait Programme on Development, Governance and Globalisation in the Gulf States*, September 2010 No. 11.

capita are by far the highest in the Middle East, and according to the United Nations Development Index, the GCC states rank much higher than all other Arab states.

Table 4.1 GCC states' GDP and development ranking

State	Population	GDP/Capita	UN HDI Ranking
Bahrain	1,332,000	\$24,689.11	44
Kuwait	3,369,000	\$52,197.34	46
Oman	3,632,000	\$21,929.01	56
Qatar	2,169,000	\$93,714.06	31
Saudi Arabia	28,830,000	\$25,961.81	34
United Arab Emirates	9,346,000	\$43,048.85	40

Table 4.2 Other Arab states' GDP and development ranking

State	Population	GDP/Capita	UN HDI Ranking
Algeria	39,210,000	\$5,360.70	93
Egypt	82,060,000	\$3,314.46	110
Iraq	33,420,000	\$6,862.50	120
Jordan	6,459,000	\$5,214.20	77
Lebanon	4,467,000	\$9,928.04	65
Morocco	33,010,000	\$3,092.61	129
Syria	22,850,000	\$2,065.54	118
Tunisia	10,890,000	\$4,316.69	90
Yemen	22,850,000	\$1,473.10	154

(Data from World Bank, United Nations Development Program's Human Development Report, 2013)

The rentier political economies of the GCC states are markedly different from other Middle Eastern states, further distinguishing it as a sub-system. Rentier states are those in which "their economic power and ultimately their political authority rests on their dual capacity to extract rents externally from the global environment and subsequently to distribute these rents internally."¹⁸ This is fundamental in understanding the nature of the GCC states and the relationship between the state and its citizens. A political tradition of "sheikhly rule"¹⁹ meant

¹⁸ Terry Lynn Karl, *The Paradox of Plenty: Oil Booms and Petro-State* (Berkley: University of California Press, 1997): 49.

¹⁹ James Onley and Sulayman Khalaf, "Shaikhly Authority in the Pre-Oil Gulf: An Historical-Anthropological Study," *History and Anthropology*, 17:3 (2006): 189-208.

that as GCC states began building modern states, state resources were under the exclusive control of political elites. As oil revenue began first to trickle and then to flood into these states, this transformational wealth remained under the control of the political elites. Traditional patronage relations between the sheikhs and their societies continued, yet with an exponentially deeper pool of wealth to distribute. The role of ruling families in the state's economy became central, and private economic and political actors became dependent upon them for economic opportunities, as the state now controlled spending, contracts and licenses, as well as investment capital, services, and employment.²⁰ This ability to control the economy of the state while at the same time providing the bulk of employment opportunities and services for the citizenry is a double-edged sword: as Kamrava notes, "while rentierism has enabled the state to funnel oil and gas revenues into society and secure a measure of political acquiescence, it has also made the state dependent on maintaining its patronage position for fear of adverse consequences."²¹ For the time being, the GCC states have managed to translate this political acquiescence into a hub of stability and economic growth within a larger region marked by the absence of both, explaining why the PRC leadership is willing to develop stronger ties to the Arab Gulf monarchies.

Systemic Pressures

That is not to say that the GCC states are without security concerns. The volatility of its region combined with its tremendous natural resources and relatively small population bases create a unique security environment from external, systemic pressures. This section examines the nature of these systemic pressures and two approaches that GCC political leadership have taken to manage them: a reliance on external security providers and the creation of the GCC as a collective security mechanism.

²⁰ F. Gregory Gause III, "The Persistence of Monarchy in the Persian Gulf: A Comparative Analysis," in *Middle East Monarchies: The Challenge of Modernity*. Ed. Joseph Kostiner, (Boulder: Lynne Rienner Publishers, 2000): 175.

²¹ Mehran Kamrava, "Introduction," in *The Political Economy of the Persian Gulf*. Ed. Mehran Kamrava, (New York, Columbia University Press, 2012): 5.

Response to Systemic Pressures: External Security Providers

The advantage of their resource wealth makes the GCC states' continued sovereignty a concern for many other states. The Gulf has what Kamrava has referred to as a "tremendous – and growing – strategic significance."²² As such, it plays an important role in the international system. Kamrava cites four reasons for the Gulf's strategic importance. The first, obviously, is the massive energy reserves found in the region and the crucial role several regional actors play in global energy markets. Energy exports from the Gulf are fueling much of the economic growth and development in Asia, making them important trade and political partners for many states outside the Middle East. Many GCC states have used their energy wealth to integrate deeply into the global economy; GCC oil revenues have been used to buy stock in private companies, invest in foreign government securities, and fund projects in Middle Eastern states that otherwise have been deemed too risky for foreign direct investment (FDI).²³ FDI also flows into the GCC, although unevenly, and at a somewhat overall reduced level relative to before the 2009 global economic slowdown. There have been significant decreases in FDI to Kuwait and Saudi Arabia. Bahrain has made modest increases, and growth in Oman, Qatar, and the UAE have been substantial. With regional infrastructure projects and upcoming high profile events like the Dubai 2020 World Expo and the FIFA World Cup in Qatar in 2022, FDI into the GCC is projected to continue to grow.²⁴

The second consideration Kamrava discusses is the number of regional actors aspiring to be regional superpowers and global middle powers. Political competition between Saudi Arabia and Iran are especially relevant as leaders in both states are attempting to position themselves as Middle Eastern leaders. A

²² Kamrava, "The Changing International Relations of the Persian Gulf": 9.

²³ Fred H. Lawson, "The Persian Gulf in the Contemporary International Economy," in *The Political Economy of the Persian Gulf*. Ed. Mehran Kamrava (New York: Columbia University Press, 2012): 18-19.

²⁴ "GCC Trade and Investment Flows," *The Economist Intelligence Unit* (2014): 27. Accessed January 9, 2016 at <http://www.economistinsights.com/sites/default/files/GCC%20Trade%20and%20investment%20flows.pdf>

third strategic importance is the relationships that regional actors have with states outside the region. Specifically, the alliances that the GCC members have with the USA contrast with the tensions between the USA and Iran to create a more dangerous security dynamic, as does Iranian sponsorship of state and non-state actors throughout the Middle East that the Arab monarchs view as contributing to regional instability. Gulf leaders perceive Iranian sponsorship of Hezbollah, Hamas, the Houthis in Yemen, and the Assad government in Syria as destabilizing factors. Kamrava's fourth strategic significance of the Gulf relates to the ideational component of the region's international relations: political Islam. He sees Iran, Iraq, Saudi Arabia, and al Qaeda in competition to define the nature of and role for political Islam in regional and international politics. Obviously, *Daesh's* control of vast swaths of territory in Iraq and Syria add to this. To Kamrava's list a fifth strategic significance can be added that is especially significant for the purposes of this dissertation: its geostrategic location, linking the states of the Arabian Peninsula to several emerging powers in Asia, as well as Africa and the rest of the Middle East. GCC leaders have used this advantage to position their states as a hub for international trade, transportation and finance. Given the PRC's One Belt, One Road initiative, the GCC member states' geographic positioning adds to their international strategic significance. All of these factors combine to give the GCC an important role in the international political system and the global economy.

This strategic significance has been a useful tool for Gulf Arab monarchs in ensuring their continued rule, as they have constantly faced significant international challenges to their sovereignty from both regional and non-regional states, and external security providers have been important in facing these challenges. Regional challengers have been the most consistent and threatening. The Arab nationalist movement under the charismatic leadership of Egyptian President Gamal Abdel Nasir had the goal of a republican, pan-Arabist Middle East. With the demise of monarchies in Egypt and Iraq, Gulf monarchs were targets of intense competition from the Arab nationalist movement that has been referred to as the Arab Cold War.²⁵ The Arab Gulf monarchies received significant material support from both the USA and the UK during this period. They were also the

²⁵ Malcolm Kerr, *The Arab Cold War: Gamal 'Abd al-Nasir and His Rivals, 1958-1970* (3rd ed.) (Oxford: Oxford University Press, 1971).

targets of ideological and material attacks from Baathist Iraq under Saddam Hussein, and ideological challenges from Iran after its Islamic revolution. In both cases, material support from the USA was instrumental in preserving the status quo in the GCC. Non-state regional actors have also threatened the continued rule of Gulf monarchs, most significantly with al Qaeda's challenge to the Al Saud dynasty in Saudi Arabia. Non-regional threats have come from China, which supported the Popular Front for the Liberation of Oman and the Arabian Gulf (PFLOAG), an Omani revolutionary organization that had the goal of overthrowing all the monarchies on the Arabian Peninsula, which is discussed in detail in the Oman case study. The Soviet Union also posed a less direct but no less concerning threat, supporting Baathist Iraq in its bid for regional hegemony and again with its invasion of Afghanistan in 1979. In both of these cases, GCC political elites relied on external powers – Britain and the USA, respectively – a necessity given their relatively small populations and limited military strength.

This reliance on external security providers to preserve regime stability, state sovereignty, and the regional status quo in the face of threats from systemic pressures is an important long-standing approach to international politics by the GCC member states. Saudi Arabia has had a security relationship with the USA since President Roosevelt met with King Abdul Aziz ibn Saud aboard the USS Quincy in 1945, and the five other GCC members relied on British security provision until it left the region in 1971. Since that time, the security of the Arab Gulf monarchies has largely been maintained by the USA. The Carter Doctrine codified the US commitment to the status quo within the Gulf Monarchies, stating that any “attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the United States of America, and such an assault will be repelled, by any means necessary, including military force.”²⁶ From the announcement of the Carter Doctrine in 1980 until September 11 2001 this relationship proved durable. The USA demonstrated its commitment to maintaining Gulf security during the Iran and Iraq war, flagging Kuwaiti tankers to assure their safe passage through the Straits of Hormuz, and then again when

²⁶ Jimmy Carter, “The State of the Union Address Delivered Before a Joint Session of the Congress,” January 23, 1980. Accessed January 18, 2016, at <http://www.presidency.ucsb.edu/ws/?pid=33079>

Iraq invaded Kuwait and threatened to move into Saudi Arabia. The September 11 attacks and the subsequent US foreign policy in the Middle East has put tremendous strain on the relationship from both sides, however. From the GCC perspective, Saddam Hussein's Iraq was a crucial if sometimes unreliable bulwark protecting them from Iranian expansion, and by extension, Shia resurgence in the Gulf. The US dismantling of the Iraqi state exacerbated the Iranian threat as well as a sectarian divide throughout the Gulf between Sunni and Shia Muslims.

The USA, with its regional security architecture and unparalleled power projection capabilities, remains the most important external power in the Gulf, and as such is a crucial ally for each of the GCC states. At the same time, public support for the USA in Gulf Arab societies has suffered tremendously, and regional leaders' faith in the USA as a reliable partner has weakened. Russell notes that during the Bush administration GCC leadership began to reconsider their over-reliance on the USA:

Confronted by a series of conflicting messages from Washington that at various times emphasized democracy, transparency and human rights, and at other times demanded cooperation in the so-called war on terrorism, the region's elites are now looking at alternative arrangements to deal with the regional insecurity emerging from the Iraq debacle and the rising power of Iran.²⁷

The election of Barak Obama did not change GCC political elites' perceptions of their overreliance on the USA to maintain their interests. During the Arab Spring, the Obama administration supported Egyptian protestors rather than President Hosni Mubarak, alienating the Gulf monarchs who felt that the treatment of a long-time ally did not bode well for them should the protests spread to the Gulf. This tension was exacerbated when Bahraini opposition began to protest against the al Khalifa family's rule in March 2011. Reacting to the Arab Spring in February 2011, the Obama administration "had been working hard on nudging the Bahraini palace toward a deal on political reform with the opposition"²⁸ in an effort to formulate an American response to protests in the Gulf. As protests grew, however, Saudi Arabia took the lead, and with the UAE sent 2000 troops to Bahrain in support of

²⁷ James A. Russell, "Whither Security in a World Upside Down?" *Middle East Policy*, 14:2 (2007): 141.

²⁸ Marc Lynch, *The Arab Uprising: The Unfinished Revolutions of the New Middle East*. (New York: Public Affairs, 2012): 228.

the al Khalifa monarchy. Dissatisfied with US response to the Arab Spring, the Saudi government signalled that it considered Bahrain to be within its sphere of influence, and the Obama administration “calculated that it had little choice but to defer to the Saudis and accept the fait accompli.”²⁹ As the dominant state in the GCC and a counterweight to Iran, Saudi Arabian leadership has decided to adopt a more assertive foreign policy that does not necessarily take US regional interests into consideration.

While American prestige in the Gulf is at a low point, the regional security architecture it has been developing since the first Gulf War indicates that it sees its presence in the Gulf as a long-term commitment. Since invading Iraq in 2003, the USA’s footprint in the Gulf has grown tremendously, as it had been “showering the region with military construction projects in order to prosecute ongoing operations in Iraq and Afghanistan.”³⁰ It has a series of expensive and ambitious military projects from Djibouti to Afghanistan, all of which signal a commitment to a maintained regional presence. At the same time, it has proven unwilling to maintain its military presence on the scale that has existed during its wars in Afghanistan and Iraq. Former US Secretary of Defence Chuck Hagel said in May 2014, “Bilateral ties with the United States and American military presence are not enough to guarantee regional security. America’s engagement with Gulf nations is intended to support and facilitate, not replace, stronger multilateral ties within the GCC.”³¹ Recognizing that a reduced regional role for the USA would create security concerns for each of the GCC states, one Gulf official stated, “We need a dependable relationship with a major power. If the United States can’t be counted on, then we will have to turn elsewhere.”³² As is discussed in more detail

²⁹ Ibid. 140.

³⁰ Russell, “Whither Security”: 146.

³¹ Andrew Critchlow, “US Says Can’t ‘Guarantee’ Security in Oil-Rich Gulf States as Focus Turns to China,” *The Telegraph*, May 15 2014. Accessed January 19, 2016, at <http://www.telegraph.co.uk/finance/newsbysector/industry/defence/10831872/US-says-cant-guarantee-security-in-oil-rich-Gulf-states-as-focus-turns-to-China.html>

³² David Rothkopf, “The Middle East’s Pivot to Asia,” *Foreign Policy*, April 24, 2015. Accessed January 19, 2016 at <http://foreignpolicy.com/2015/04/24/the-middle-east-pivot-to-asia-china/>

below, this creates opportunities for the PRC to create a larger regional role for itself.

Response to Systemic Pressure: The Creation of the GCC

The creation of the GCC was another approach to managing systemic pressures. While its charter does not explicitly mention security at any point, it was certainly the motivation behind the organization. It was established in 1981 at a time when the status quo in the Gulf was facing its greatest challenge in the ten years since Britain left the region. The Iranian Islamic revolution in 1979 presented a clear threat to the region's balance of power. As with during Abdel Nasir's pan-Arab republicanism, Iran's revolutionaries also targeted Middle East monarchies. Iranian hostility toward the Gulf Arab monarchies was especially intense given their close ties to the West. The large Shia population on the Arab side of the Gulf was seen as a possible fifth column for Iran, making the Iranian revolution both an external and internal security threat for five of the six Gulf monarchies.³³ In 1979, Saddam Hussein became president of Iraq. He saw Iraq as a natural leader of Gulf Arabs and as such posed a political challenge that was threatening to Gulf monarchs. The Soviet invasion of Afghanistan, also in 1979, was yet another security concern, as it appeared that the USSR was attempting to extend its reach to the Gulf. Finally, the outbreak of war between Iran and Iraq in 1980 was a clear threat to both regional stability and the smaller states on the Arabian Peninsula. Internally, Saudi Arabia faced domestic challenges when a group of Saudi dissidents took control of the Grand Mosque in Mecca in 1979; within weeks Shias in the Eastern Province rebelled. For Gulf monarchs, the combination of external hostilities and domestic insurgencies was not perceived as a coincidence and posed a clear threat to their continued rule. Forming the GCC created a collective security alliance against external threats, and closer integration and frequent meetings to share intelligence and coordinate action on

³³ Oman is the outlier here. As it shares the Straits of Hormuz with Iran, Oman has a long history of cooperation with Iran. Also, composed primarily of Ibadhi rather than Sunni Muslims, Oman does not fear an Iranian-sponsored Shia uprising, unlike the other Gulf monarchies.

domestic threats. While the GCC does not always act in concert and there are frequent disputes among members, there are enough areas where their interests align to ensure cooperation.³⁴

Security was therefore the motivation for the creation of the GCC. Leadership in its member states understood that their sovereignty faced common threats, and their vast hydrocarbon reserves made each of them a potential target of aggression. As individual states they could not cope with these threats, yet collectively they presented a stronger bloc. From the start, one of the goals of the GCC member states was creating a stable international system in the Gulf. Except for Oman, which had a military agreement with the USA that began in 1981, GCC members wanted to avoid their traditional reliance on external states acting as security guarantors in the Gulf, fearing that the Gulf would become a theatre of Cold War superpower rivalry. The GCC would be a collective effort to provide for its own security. Under the premise that “Gulf security had to be provided by the people of the Gulf; foreign troops, no matter how friendly, could never act in the interests of the Gulf,”³⁵ the GCC organized a rapid deployment force in 1983. After three years of joint military exercises the GCC established the Peninsula Shield joint defense force in 1986. Based in Saudi Arabia near its border with Kuwait, the Peninsula Shield consisted of approximately 5000 men, most of whom were Saudi soldiers. The symbolic nature of this force is evident when considering that Iraq’s military at the same time consisted of 350,000 troops and the Iranian military, 400,000. The GCC’s first Secretary-General, Abdulla Bishara from Kuwait, claimed that the Peninsula Shield would prove that “the Gulf was to all intents and purpose one and that the people of the Gulf would consider any threat to one of them to be a threat to all.”³⁶ This self-sufficiency was short-lived, however, as Iran began targeting oil tankers as retribution for Kuwait’s support for Iraq. By 1987, the USA had reflagged 11 Kuwaiti tankers, providing safe

³⁴ F. Gregory Gause III, “Understanding the Gulf States,” *Democracy: A Journal of Ideas*, 36 (2015).

³⁵ Rosemary Zahlan, *The Making of the Modern Gulf States: Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman*, (London: Ithaca Press, 1998): 166.

³⁶ Matteo Legrenzi, *The GCC and the International Relations of the Gulf: Diplomacy, Security and Economic Coordination in a Changing Middle East*, (London: I.B. Tauris, 2011): 78.

passage through the Gulf. The American presence expanded after an Iraqi missile accidentally hit a US ship, the USS Stark, killing 37 American soldiers. By the end of 1987 there were approximately 30,000 US troops and 30 American ships patrolling the Gulf, a presence that would intensify with the end of the Iran/Iraq war and the Iraqi invasion of Kuwait in 1990.

Nevertheless, GCC states built up a formidable collection of weaponry, purchased from a wide range of vendors in many states. The USA is the largest supplier, but the United Kingdom, France, Brazil, Italy, Russia and China have also been selling significant quantities of weapons, in a strategy that Legrenzi likens to “an insurance policy underwritten by as many insurers as possible.”³⁷ From 1985 to 1990 the GCC states used their massive oil revenues to build a modern military. Saudi Arabia spent US\$106 billion on arms; the UAE, \$10.6 billion; Oman, \$9 billion; Kuwait, \$2.04 billion; and Bahrain, \$1.07 billion.³⁸ These arms purchases, however, could not bring the GCC states to the level of Iranian and Iraqi military capabilities. Gause notes that they only nominally allowed for military self-reliance, as foreign firms must provide and maintain these weapons systems, as well as provide training. He sees these deals as “another way of cementing the commitment of the United States, Britain, France, and other outside powers to their security.”³⁹ This strategy paid off, as evidenced by the Iraqi invasion of Kuwait in 1990. Unable to deter the invasion or offer meaningful military support in the liberation of Kuwait, the GCC’s military weakness combined with the necessity of relying on American military to provide for their security was a loss of face for ruling families who had to admit that their goal of self-sufficiency in security was unattainable.⁴⁰ Yet it also justified the arms purchases as a security policy:

The policy of relying on a host of disparate arms suppliers and carefully cultivating diplomatic contacts is seen as a much better way to achieve external security than the idea of establishing a vertically integrated, centralized command similar to the North Atlantic Treaty Organization or the US-Korean one. There is a recognition that self-sufficiency in

³⁷ Ibid. 76.

³⁸ Sean Foley, *The Arab Gulf States: Beyond Oil and Islam*, (Boulder: Lynne Rienner Publishers, 2010): 91. Data for Qatar is not provided.

³⁹ F. Gregory Gause III, *Oil Monarchies: Domestic and Security Challenges in the Arab Gulf States*, (New York: Council on Foreign Relations, 1994): 127.

⁴⁰ Kristian Coates Ulrichsen, *Insecure Gulf*: 28.

external defense matters is simply beyond the grasp of the six member states.⁴¹

Using the GCC as a collective security mechanism is clearly insufficient in maintaining sovereignty in the face of the systemic pressures facing Gulf monarchies. At the same time, the coordinated approach to international political issues gives weight to their interests that the five smaller monarchies would lack as individual states.

Internal Security Concerns

While the GCC member states have managed to create a hub of relative stability in a geostrategically important region, the international political decisions its leaders make reflect an intricate balancing act requiring leadership to maintain domestic stability while focusing on systemic pressures. The domestic considerations are clearly less urgent than in many other Arab states, but nonetheless reflect a distinct set of concerns. These unit-level intervening variables are central to understanding the international political decisions GCC elites make, and as such, explain their motivation for stronger ties to the PRC. This section analyzes two such unit-level variables: GCC elites' perceptions of systemic pressures on their domestic stability, and their perceptions of how domestic pressures unique to the Arab Gulf monarchies pressure their political decisions.

Intervening Variable: Elite Perceptions of Systemic Pressures

The prevalence of transnational ideational threats to monarchical rule is an important unit-level variable that GCC leadership considers as a threat to regime stability. The Gulf has long been a hotbed for every type of transnational Arab ideological movement, from Nassarist Arab nationalism to Salafist political Islam, to the Muslim Brotherhood, and Shia political groups. The ideational element of these implies a constructivist theoretical approach to analyzing Gulf politics. However, because of the challenges to regimes throughout the Arab world in the

⁴¹ Legrenzi, *The GCC and International Relations of the Gulf*: 77.

post-Arab Spring period as well as the wars in Syria and Yemen, GCC leaders interpret these ideational threats as tangible material threats. As such, neoclassical realism again provides a useful theoretical approach to understanding ideational threats in the Gulf, linking them to decision-makers' perceptions and the strength of the state apparatus. GCC leaders perceive and respond to these ideational challenges as threats to the security of the regime, and this has an impact on both their domestic and international political choices.

The case of Bahrain in 2011 offers an illustrative example. As described earlier in this chapter, the continued rule of the al Khalifa family was perceived as being threatened by domestic political protests. Like five of the other six GCC states⁴², Bahrain is considered a Sunni Muslim state, and Sunni Muslims are a significant majority of the political and economic elite. Bahrain is estimated to be approximately 70 percent Shia, however, and there is considerable resentment directed toward the government as Bahraini Sunnis are seen to benefit from an unequal distribution of wealth and patronage, perpetuating sectarian discrimination. This domestic political problem is also an international political problem because Shia protest is perceived as being rooted in Iranian attempts to subvert the Gulf monarchies, and because other GCC states have significant Shia populations as well. Each GCC state has had varying degrees of closeness or hostility toward Iran, but as a group the GCC is deeply suspicious of Iran, whose support for Yemeni Houthis, Hamas, and Hezbollah runs counter to GCC leaders' interests. When Shia communities in Saudi Arabia began to protest in solidarity with Bahraini Shias, Saudi Arabia took an active role in Bahrain. As Saudi Arabia has its own troubled experiences with its Shia population, and because the majority of Saudi Shias live in the oil-rich eastern province of Saudi Arabia, sectarian protest in any GCC state is seen as having the potential to spill over into Saudi territory. In reaction to protests and calls for reform in Bahrain, Saudi Arabia and the United Arab Emirates sent troops and police officers to Bahrain to support the al Khalifa. The UAE's Minister of State for Foreign Affairs, Dr. Anwar Gargash, stated that, in addition to supporting a GCC partner, the intervention was necessary as, "regional security and stability at this time requires all of us to unite

⁴² Oman is the sole exception, a majority Ibadhi state. This will be discussed further in the Oman case study.

our ranks and protect achievements and keep sectarian strife away.”⁴³ Saudi Arabia’s Foreign Minister, Saud bin Faisal Al Saud, was more explicit, framing unrest in Bahrain as a threat to Saudi Arabia’s domestic stability, threatening to “cut any finger that crosses into the kingdom.”⁴⁴ This created more international political concerns, as the USA’s Fifth Fleet is based in Bahrain; the Saudis and Emiratis did not inform the American government of their actions before sending in troops, signaling tension between GCC leaders and the USA and further straining an important strategic relationship. The link between systemic pressures and elite perceptions of how these may affect their states is clear.

Intervening Variable: Elite Perceptions of Domestic Pressures

The legitimacy of the Gulf monarchs is based upon several generations of continuous rule, but the practice of governance has changed dramatically since the discovery of oil. In order to preserve this legitimacy, each GCC member has adopted a rentier economic model in which oil revenue is generously distributed through government benefits and high-paying public sector employment opportunities. This creates a situation similar to the performance legitimacy model of the PRC, wherein the government’s management of the economy is used to justify a political system in which citizens have few opportunities for participation. However, the transformation from a traditional Gulf Arab form of leadership to rentierism presents challenges for GCC rulers, as the expectations of citizens has increased as the state has taken on a comprehensive role in economic and political life. The challenge of managing these expectations while facing political pressures within the highly unstable Middle East, combined with young and quickly growing populations, draws a clear link between international and domestic political pressures.

⁴³ Frank Kane, “UAE and Saudi Arabia Send Forces to Bahrain,” *The National*, March 15, 2011. Accessed January 22, 2016, at <http://www.thenational.ae/news/world/middle-east/uae-and-saudi-arabia-send-forces-to-bahrain>

⁴⁴ David Sanger and Eric Schmitt, “U.S.-Saudi Tensions Intensify with Mideast Turmoil,” *New York Times*, March 14, 2011. Accessed January 22, 2016 at <http://www.nytimes.com/2011/03/15/world/middleeast/15saudi.html>

Table 4.3 Ruling families of GCC states

GCC Member State	Ruling Family	Ruling Since
Bahrain	Al Khalifa	1783
Kuwait	Al Sabah	1752
Oman	Al Said	1744
Qatar	Al Thani	1850
Saudi Arabia	Al Saud	1818 (Nejd)
United Arab Emirates	Al Nahyan	1793 (Abu Dhabi)

Pre-oil, Gulf Arab leadership was based on the personal qualities of a ruler. Access to material support, such as soldiers and funding for military campaigns, required negotiation with a diverse range of actors, including the merchant class, tribal, and religious leaders.⁴⁵ Without this diplomatic skill, leaders could lose support; the ruler's authority existed only so far as the society was willing to obey, and tribes could and did change allegiance when they perceived that their interests were best served under a different ruler. A successful ruler, therefore, was aware of the limitations of what he could ask of his society, and as such, the ruler's position was closer to a 'first among equals' than a monarch.⁴⁶ The state, such as it was, played a minimal role in the lives of its citizens, and its reach "never extended very far geographically or very deep in terms of the aspects of its members' lives that it controlled and affected."⁴⁷

This traditional form of leadership changed because of two developments: British involvement in the region, and the discovery of oil and the resulting wealth accumulated by GCC ruling families. British involvement in the Gulf played a key role in reshaping the nature of the state and the role of the ruling families. What had been societies based on an "egalitarian, participatory form of rule" became

⁴⁵ F. Gregory Gause, III, "The Persistence of Monarchy in the Persian Gulf: A Comparative Analysis," in *Middle East Monarchies: The Challenge of Modernity*, Joseph Kostiner, Ed. (Boulder: Lynne Rienner Publishers, 2000): 172.

⁴⁶ Andrea Rugh, *The Political Culture of Leadership in the United Arab Emirates*. (New York: Palgrave Macmillan, 2010): 10.

⁴⁷ Gause, "The Persistence of Monarchy": 172.

“one based largely on paternalism and the distribution of wealth.”⁴⁸ The need to protect trade routes to India led Britain to become more directly involved with Gulf politics throughout the 19th century. Britain controlled Egypt and the Gulf sheikhdoms and Trucial States, and with the end of the Ottoman Empire, had substantial influence in what was to become Saudi Arabia. Within the Gulf sheikhdoms, Britain signed treaties with sheikhs who were presumably powerful enough to protect British maritime interests from piracy, creating a new dynamic in the relationship between ruler and the ruled, changing their role from mobilizing local tribes to acting as conduits to the British.⁴⁹ This created more power for the rulers, as support from Britain made Gulf leaders less reliant on canvassing tribal or merchant support for political or military projects. In terms of actual policy, Britain became involved in creating permanent boundaries between states, and this was directly related to oil. Needing “assurances that rulers who gave them exploration rights had jurisdiction over the territories they claimed,” the British urged sheikhs to “identify tribal groups loyal to them in order to define their borders.”⁵⁰ Before oil, boundaries shifted with loyalties of tribes to competing rulers. However, by creating permanent boundaries, tribal relationships became frozen at the point the maps were drawn, removing “the rationale for many past tests of leadership. Leaders no longer engaged enemies or expanded their influence in ways they found useful when boundaries were fluid and tribal groups independent.”⁵¹ Although tribes could still vote with their feet, British support and less fluid territorial boundaries had a transformative effect on societies and leadership.

The role of leaders was also influenced by the arrival of oil exploration and the vast reserves found. Exploration concessions were signed directly with the ruler, rather than the state, giving rulers access to tremendous wealth for the first time. Traditionally, rulers had to court the merchant class of their societies as well as tribal leaders in order to fund political activities, and as such, diplomacy was a key skill. In return for merchant financial support, the rulers would ensure that

⁴⁸ Rugh, *The Political Culture of Leadership*: 11.

⁴⁹ Peter Lienhardt, *Shaikhdoms of Eastern Arabia*. (Houndsmills: Palgrave Macmillan, 2001): 1-16.

⁵⁰ Rugh, *The Political Culture of Leadership*: 12.

⁵¹ Ibid. 31.

the merchants' interests were protected. Similarly, religious and tribal leaders would need to be convinced to lend their political and military support. Oil revenue, however, diminished the need for merchant support, and allowed the leaders to secure support from key constituents through material incentives. Rulers became the dominant actors in their society's economies, and private economic and political actors became dependent upon them for "government spending, contracts, licenses, and capital. It further allowed the governments to provide an array of services – including a practical guarantee of government jobs – directly to citizens."⁵² Potential sources of political rivalry within their societies were also provided with material incentives to ally themselves with ruling families. Davidson describes how merchant families who in the 1950s had supported the Dubai National Front in opposition to the ruling Al-Maktum family were awarded import and construction licenses when oil revenue started to accrue in the 1960s. Placated with exclusive business opportunities, these rival families have created some of Dubai's largest business empires while no longer posing a threat to Al-Maktum family rule.⁵³

Kamrava has referred to this as a 'ruling bargain,' a Middle Eastern version of the consent of the governed. He describes this bargain as being predicated on certain assumptions: "the state's guarantee of physical and national security; the provision of economic goods and services by the state as a tradeoff for lack of elite accountability; and, when necessary, the elite's resort to repression to maintain power."⁵⁴ During the Arab Spring, states that could no longer meet citizen's expectations overthrew their leaders. GCC political elites, with vastly more wealth to redistribute, were able to maintain their hold on power. At the same time, they are aware that they must meet expectations of their citizens in order to claim legitimacy. In the rentier system, this puts considerable strain on the state's capacity to continually deliver the services and employment opportunities that Gulf citizens have come to expect.

⁵² Gause, "The Persistence of Monarchy":175.

⁵³ Christopher Davidson, *Dubai: The Vulnerability of Success*. (London: Hurst & Company, 2008):53.

⁵⁴ Mehran Kamrava, *The Modern Middle East: A Political History Since the First World War*. (Berkeley: University of California Press, 2005): 213.

The challenges inherent to the rentier model are all the more apparent when considering the demographic challenge facing the GCC states. In 1950, the Arabian Peninsula, including Yemen, was home to 8 million people. By 2007 that had increased to 58 million, and it is projected to reach 124 million by 2050.⁵⁵ This can partly be attributed to better health care and the attendant decline in death rates; in Saudi Arabia, for example, the death rate decreased from 22.5 per 1000 in 1960 to 3.8 per 1000 in 1996.⁵⁶ Yet there are other significant political reasons for this. One reason is that the birth rates did not decline in conjunction with the death rate. In fact, the distribution of oil wealth among the citizens of GCC states lead to a baby boom, a government policy meant to address the need for a larger population to develop modern states. Lacking the required population of skilled workers to service the oil industry and fill the newly formed governmental positions, GCC states adopted what was meant to be a short-term policy of staffing with foreign workers, with the long-term goal of creating a local workforce through pronatalist policies. GCC states encouraged “higher birth and fertility rates, in order to substantially and rapidly increase the size of the local populations.”⁵⁷ As a result, the populations of GCC states have exploded and project to continue. The Population Reference Bureau projects that between 2009 and 2050, the population of Bahrain will increase by 61 percent, Qatar by 64 percent, Oman by 71 percent, Saudi Arabia by 74 percent, Kuwait by 76 percent, and the UAE by 79 percent.⁵⁸

Decreases in death rates and higher birth rates cannot tell the whole story of the massive population growth. A third and politically sensitive factor is the abnormally high number of expatriate workers in the Gulf. The short term policy mentioned above was implemented following the 1973 oil boom. In 1975, there were 1.5 million foreign workers in GCC states, which increased to 2.9 million in

⁵⁵ Ulrichsen, *Insecure Gulf*: 87.

⁵⁶ Onn Winkler, “Gulf Monarchies as Rentier States: The Nationalization Policies of the Labor Force,” in *Middle East Monarchies: The Challenge of Modernity*, Ed. Joseph Kostiner (Boulder: Lynne Rienne Publishers, 2000): 241.

⁵⁷ Onn Winkler, “Labor and Liberalization: The Decline of the GCC Rentier System,” in *Political Liberalization of the Persian Gulf*, Ed. Joshua Teitelbaum. (New York: Columbia University Press, 2009): 239.

⁵⁸ Ulrichsen, *Insecure Gulf*: 89.

1980.⁵⁹ By 2002/2003, foreign labor accounted for a majority of workers in every GCC state: 60 percent in both Saudi Arabia and Bahrain, 65.7 percent in Oman, 80 percent in Kuwait, 89.5 percent in Qatar, and 90 percent in the UAE.⁶⁰ To put these figures in perspective, the EU has an average share of 6.5 percent foreigners and 9.4 percent foreign-born new citizens.⁶¹ The population of Qatar nearly doubled from 2006 to 2007, from 800,000 to 1.5 million, and Bahrain announced a 41 percent population increase over the same period.⁶² The UAE population doubled from 4 million to more than 8 million between 2006 and 2010, the last time census data was released. With higher costs of living and more education opportunity for women, GCC nationals marry later, causing fertility rates to decrease throughout the region by more than 50 percent. It is clear therefore, that given the tremendous increase in both the population and the percentage of foreign workers, the majority of population growth is coming from expatriates.

Clearly, using foreign workers as a short-term solution to the skilled labor shortage has not worked. Winkler sees four reasons for this. First, there is a stigma attached to many jobs – especially in the private sector – which GCC nationals consider socially undesirable or too low paying. Second, many private sector employers prefer motivated, disciplined and relatively cheap foreign labor. Third is the continued lack of skilled or technically qualified locals. Finally, GCC states have adopted relatively open-door labor policies that accept foreign labor “with almost no limitation to scale, skill, or nationality.”⁶³ As such, some GCC states are in a position where citizens are a minority in their own countries and are either unwilling or unable to take the jobs that would begin to slowly balance their societies toward a more reasonable national/expatriate ratio. With this, national youth unemployment, especially among young men, has become a serious political problem. This situation is compounded by the large numbers of youth set to enter the job market: in 2008, 70 percent of GCC nationals were under 30, and of that,

⁵⁹ Winkler, “Labor and Liberalization”: 67.

⁶⁰ Ulrichsen, *Insecure Gulf*: 67.

⁶¹ Katya Vasileva, “Population and Social Conditions,” *Eurostat: Statistics in Focus*, 2011. Accessed January 25, 2016 at <http://ec.europa.eu/eurostat/documents/3433488/5579176/KS-SF-11-034-EN.PDF>

⁶² Ulrichsen, *Insecure Gulf*: 87.

⁶³ Winkler, “Labor and Liberalization”: 67-68.

30 percent were 14 or under.⁶⁴ The average age among GCC states is 27, with the lowest median in Oman of 24 and the highest 31 in Qatar.⁶⁵ Much of the youth in the region have the expectation that their governments can and will provide for them, a result of the changed nature of the role of the state in citizens' lives. This creates tremendous domestic political pressure for the state to deliver solutions within the existing rentier model. This pressure is also linked to systemic pressures, as unemployed young men throughout the region are perceived as recruitment targets for transnational political organizations like the Muslim Brotherhood and *Daesh*, which are openly hostile toward Gulf monarchies.⁶⁶

Given the importance placed upon maintaining domestic stability in a region marked by turmoil, and the prevalence of hostile transnational political actors throughout the region, the link between unit-level pressures and systemic pressures is clearly an important consideration in analyzing GCC international politics. International political decisions made by GCC rulers reflect not only systemic pressures, but also their perceptions of how these systemic pressures affect their states domestically. They also reflect their perception of how domestic pressures make them vulnerable to international political threats. As such, their foreign relations reflect a need to address international challenges to their states while at the same time ensuring regime stability with the current rentier model.

The Role of China

A larger Chinese regional role, encompassing both the economic and political spheres, is seen as a potential strategy for GCC states to address these

⁶⁴ Ulrichsen, *Insecure Gulf*: 87.

⁶⁵ M.R. Raghu, "GCC Demographic Shift: Intergenerational Risk-Transfer at Play," *Kuwait Financial Centre Markaz Research*, June 2012: 6. Accessed January 25, 2016 at <http://www.markaz.com/MARKAZ/media/Markaz/Documents/Business%20Activities/DemographicsResearch-MarkazResearch-June-2012.pdf>

⁶⁶ Middle East and North Africa Programme Meeting Summary, "Regional Tensions and Internal Community Relations in the GCC," *Chatham House: The Royal Institute of International Affairs*, 26-27 September 2014. Accessed January 25, 2016 at https://www.chathamhouse.org/sites/files/chathamhouse/field/field_document/20140926RegionalTensionsGCC.pdf

international and domestic pressures. Both spheres address the need to increase each GCC member's relative power and state power, and both dovetail to a degree with the PRC's approach to the Gulf. If China proves willing to adopt a more active political presence in the region, it could also have the added benefit of creating a counterbalance to the perceived disadvantages of an overreliance on the USA as a security provider.

In terms of economic ties between the PRC and the GCC, both sides stand to benefit from an expanded relationship. From the GCC member states' perspectives, China represents a long-term energy customer, a source of relatively cheap imports, and a destination for FDI. China's energy requirements are substantial and are linked to its continued economic development, especially in the underdeveloped inland regions. As discussed in the previous chapter, this makes securing a source of imported energy an imperative for the CCP's performance legitimacy model of regime stability; political legitimacy depends upon continued economic growth, much of which is being fueled by Persian Gulf energy imports. Twenty percent of China's energy consumption is oil, and over fifty percent of that comes from the Middle East.⁶⁷ China is currently the largest importer of oil in the world, and according to the US Energy Information Agency (EIA) its consumption accounted for forty-three percent of the world's oil consumption growth in 2014 and was projected to account for more than twenty-five percent in 2015.⁶⁸ The International Energy Agency (IEA) projects a continued reliance on imported energy for China, and predicts that by 2040 its energy demand will be nearly double that of the USA.⁶⁹ Domestic demand far exceeds production, a trend that is expected to continue, at an average annual rate of 2.6 percent consumption increase against relatively minimal production

⁶⁷ Kerry Brown, "Mixed Signals: China in the Middle East," *Fride Policy Brief No 190*, December 2014. Accessed January 3, 2016, at http://fride.org/download/PB_190_China_in_the_Middle_East.pdf

⁶⁸ U.S. Energy Information Administration, *China: International Energy Data and Analysis*. Accessed January 3, 2016 at <http://www.eia.gov/beta/international/analysis.cfm?iso=CHN>

⁶⁹ International Energy Agency, *World Energy Outlook 2015: Executive Summary*. Accessed January 26, 2016 at <https://www.iea.org/Textbase/npsum/WEO2015SUM.pdf>

increases.⁷⁰ This need for imported energy makes China a reliable long-term market for GCC energy producers. In 2013 the GCC accounted for twenty-four percent of the world's total crude production, and is estimated to have thirty percent of the world's crude oil reserves.⁷¹ Much of their energy exports go to the Asia-Pacific and India, with exports to China increasing exponentially.

Table 4.4 China's oil consumption and production

Year	China's Oil Production (Million barrel/day)	China's Oil Consumption (Million barrel/day)
2014	4.6	10.7
2020	5.1	13.1
2030	5.5	16.9
2040	5.7	20.0

Source: U.S. Energy Information Administration, China International Energy Data and Analysis, May 14, 2015.

Table 4.5 GCC oil reserves and production

GCC Member State	Proved Oil Reserves (barrels)	Oil Production (Barrels/day)
Bahrain	124.6 million	49,500
Kuwait	104 billion	2,619,000
Oman	5.151 billion	943,500
Qatar	25.24 billion	1,540,000
Saudi Arabia	268.3 billion	9,735,000
United Arab Emirates	97.8 billion	2,820,000

(CIA World Factbook, 2014 estimates)

At the same time, GCC imports from China have increased substantially. Chinese wholesale and retail exports to the GCC states highlight the importance of two-way trade. The GCC market represented twelve percent of China's exports in

⁷⁰ EIA, *China International Energy Data and Analysis*: 3.

⁷¹ Jassim Hussein, "The Oil Resources of the GCC States," *Middle East Monitor*, June 23 2014. Accessed January 26, 2016 at <https://www.middleeastmonitor.com/articles/middle-east/12302-the-oil-resources-of-the-gcc-states>

2013, and fourteen percent of the GCC's total imports.⁷² Between 2010 and 2013 the GCC's total trade with China increased at a greater rate than with any other partner, with imports increasing by seventeen percent and exports by thirty percent.⁷³ By 2020, GCC exports to China are projected to reach \$160 billion, with imports from China expected to reach \$135 billion, nearly double the total value of 2013.⁷⁴ Given the volume in trade between China and the GCC as well as the domestic pressures inherent in the GCC and PRC economic models, these trade relationships will continue to play a significant role in drawing China closer to the region.

Table 4.6 Chinese imports and exports as percentage of GCC states' total trade

GCC Member State	Exports to China as percentage of total trade	Imports from China as percentage of total trade
Bahrain	-	8.2%
Kuwait	9.9%	11.9%
Oman	43%	4.5%
Qatar	7.7%	10.6%
Saudi Arabia	13.3%	13.3%
United Arab Emirates	5.5%	15.7%

(CIA World Factbook, 2014 Estimates)

In terms of a larger political role, the Gulf monarchies would like a corresponding political presence to match China's economic one. Until now, China has been reluctant to take on a political or security role in the Gulf; the USA's security umbrella has provided the stability that in turn allowed China to pursue its commercial interests with the GCC, creating the impression that China has been

⁷² "GCC Trade and Investment Flows," *The Economist Intelligence Unit*, 2014: 9. Accessed January 26 2016 at <http://www.economistinsights.com/sites/default/files/GCC%20Trade%20and%20investment%20flows.pdf>

⁷³ Ibid: 9.

⁷⁴ Ibid: 9.

free-riding.⁷⁵ It has no formal alliances in the region. Its military's power projection capabilities do not extend beyond its immediate environment, with a navy designed largely for the East China Sea and the South China Sea.⁷⁶ As discussed in the previous chapter, it has myriad domestic concerns that consume much of the PRC leadership's time and energy. And importantly, its leaders have shown no interest or willingness to play a major role in Middle East security issues, using the principle of non-interference to limit its role in regional politics. However, it is becoming a bigger presence in the Gulf, and it is not unreasonable to assume that this could lead to a future security role. From the perspective of GCC elites, a Chinese role beyond commercial relations is necessary; there is a belief that China will not be taken seriously as a strategic partner unless their ties develop beyond trade.⁷⁷

Another reason why China is an attractive political partner for GCC elites is the so-called Beijing Consensus approach to international relations practiced by China. Gulf leaders appreciate China's insistence on non-interference in the domestic politics of other states, which is seen as a welcome contrast to the USA's promotion of American values.

Chinese leaders have recently begun to acknowledge this. In a recent interview with Al Jazeera, when asked about its limited political, military, and security involvement in the Middle East, Foreign Minister Wang Yi acknowledged "a need for China to build up its capabilities for sustained expansion of such cooperation...We will play a role in the political field as well. China's political role in the Middle East will only be enhanced, not diminished."⁷⁸ Given the tremendous

⁷⁵ "The Obama Interview: China as a Free Rider," *New York Times*, August 9, 2014. Accessed January 28, 2016 at

<http://www.nytimes.com/video/opinion/100000003047788/china-as-a-free-rider.html?playlistId=1194811622299>

⁷⁶ Michael Forsythe, "Q. and A.: Andrew S. Erickson on China's Military Goals and Capabilities," *New York Times*, May 11, 2015. Accessed January 3, 2016 at <http://sinosphere.blogs.nytimes.com/2015/05/11/q-and-a-andrew-s-erickson-on-chinas-military-goals-and-capabilities/>

⁷⁷ Janardhan, "China, India, and the Persian Gulf": 208.

⁷⁸ "Wang Yi Gave an Interview to Al Jazeera," *Ministry of Foreign Affairs of the People's Republic of China*, January 9, 2014. Accessed January 3, 2016, at http://www.fmprc.gov.cn/mfa_eng/wjb_663304/wjbz_663308/2461_663310/t1116509.shtml

value of its commercial interests in the region, an ability to project power to protect those assets and its hundreds of thousands of citizens based in the Gulf is obviously important for China. The Heritage Foundation, a US think tank, has collected data on Chinese projects within the GCC and estimates that between 2005-2014, China signed \$30 billion in contracts, responsible for 8 percent of its global total.⁷⁹ It is clearly in the PRC's interest to see the GCC remain a politically stable environment, and it seems reasonable to take Minister Wang's statement as an indication of China developing a more robust political and security role with the GCC.

Conclusion

This chapter has addressed two questions. First, given the perceived instability of the Middle East as a region, what explains China's willingness to increase its regional presence, and second, why do GCC leaders want a larger Chinese role in the Gulf? The answer for the first question is based on the Arab Gulf monarchies as a stable sub-system within the Middle East region. A set of variables that distinguish them from other Arab states contribute to a relatively secure political and economic environment. Their role in the global energy market and international trade make the GCC member states attractive partners for China, and PRC leadership has actively pursued stronger bilateral ties with each of them.

The answer for the second question is based on the political pressures that the GCC leaders face at both the international and domestic levels. A hostile security environment has made the use of alliances with external powers with regional interests a long-term strategy in the Gulf. With indications of a reduction in the USA's regional presence, GCC leaders feel they must engage other states to play a security role, and China's status as an emerging power with regional interests indicate that the PRC could eventually assume this role. It also reflects the tremendous economic growth between China and the GCC states, and the

⁷⁹"GCC Trade and Investment Flows," *The Economist Intelligence Unit*. 2014. Accessed March 30 2016 at <http://www.economistinsights.com/sites/default/files/GCC%20Trade%20and%20investment%20flows.pdf>

importance this trade has in helping GCC leaders meet the domestic political pressures they face. The following three case studies will explain this in more detail, analyzing the multifaceted bilateral relations between China and Saudi Arabia, Oman, and the United Arab Emirates, demonstrating that each of these states meets strategic objectives for China's international and domestic political objectives as well, and as such, will contribute to the PRC's deeper integration into the Gulf.

Chapter Five: China's Relations with Saudi Arabia

Introduction

The Sino-Saudi relationship is China's most important in the Middle East, and has become one of Saudi Arabia's most important relationships beyond the Middle East as well. It was the GCC relationship that took longest for China to cultivate, as Saudi Arabia was the last GCC state to establish diplomatic relations with China, in 1990. However, in the period since formal ties were established, the two states have developed dense levels of interdependence across a range of interaction types, and in the process, have become important to each other in terms of meeting both international and domestic political interests.

This chapter begins with an analysis of the systemic and unit-level pressures that drive Saudi Arabian foreign policy, and as such, determine what kind of role China can be expected to play in its relationship with Saudi Arabia. In terms of addressing systemic pressures, Saudi leadership relies on its prominence in both global energy markets and global Islam as pillars of its state power. At the same time, it must navigate an unstable post-Arab Spring environment in the Middle East. In attempting to maintain the regional status quo, Saudi leadership faces competition from transnational ideologies that challenge the modern Arab state system and continued Al Saud rule. As such, its relations with external powers, most importantly the USA and increasingly China, play an important role in how Saudi Arabia meets this challenge. In terms of unit-level pressures, Saudi Arabian leadership, like all Gulf monarchies, struggles with the difficulty of maintaining its model of state rentierism. With political pressure to continue the state's centrality in the economic life of Saudi citizens, international energy trade is crucial in dealing with this pressure, and as Saudi Arabia's largest trade partner, China plays a vital role.

The next sections of this case study analyze Sino-Saudi relations in the period since the People's Republic of China was formed in 1949. The stages of the relationship are divided into four periods: indifference (1949-1965), hostility (1965-1971), transition (1971-1990), and interdependence (1990-2012). It argues that systemic pressures of the Cold War bipolar system largely drove Chinese relations with Saudi Arabia until the transitional period, at which point China's need for domestic economic growth and development came to play an important role in shaping its international relations, and its reinterpretation of the international system led Chinese leaders to abandon their ideologically revisionist foreign policy for the Gulf in favor of the regional status quo. In its relations with Saudi Arabia, this became more important during the period of interdependence, especially after China joined the World Trade Organization in 2001. In analyzing the features of Sino-Saudi interdependence, this case study examines the relationship across five sets of interactions: political and diplomatic; military and security; trade; people-to-people, with Islam the dominant factor in Saudi Arabia's case; and construction and infrastructure projects. Each of these interactions can be weighted more or less heavily as a means of meeting either international (systemic) or domestic (unit-level) objectives, but taken together, they indicate a deepening multifaceted relationship that can be characterized as dense interdependence, and shows no indication of reversing.

Saudi Arabia: Systemic Pressures

Much of Saudi Arabia's influence in international politics can be summarized by three factors: geography, oil, and Islam. In a recent article about Saudi foreign policy, Kamrava began by stating, "Saudi Arabia is one of the world's most strategically-located countries, housing Islam's two holiest cities and sitting on top of the world's largest proven oil deposits."¹ Saudi Arabia is geographically a large state, the largest in the Middle East. It shares land borders with eight states² and is the only state with coastline along both the Persian Gulf and the Red

¹ Mehran Kamrava, "Mediation and Saudi Foreign Policy," *Orbis*, 57:1 (2012): 152.

² Yemen, Oman, United Arab Emirates, Qatar, Bahrain, Kuwait, Iraq, and Jordan.

Sea, linking it to sub-regions of the Middle East and giving it direct geopolitical interests throughout the region to a greater extent than other GCC states, and giving it a unique geostrategic importance. It has 268 billion barrels of crude oil proved reserves, the second most in the world, accounting for sixteen percent of the world's proved reserves. It is the largest exporter of crude oil, and has the largest crude oil production capacity.³ This gives Saudi Arabia a central role in the global energy market and makes it a key actor in the global economy. It is the only Arab state in the G-20. It also has custodianship of Mecca and Medina, as well as many of Islam's other holiest sites, giving Saudi Arabia a strong spiritual importance for the world's more than 1.6 billion Muslims. Simply put, Saudi Arabia is the most strategically important Arab state.

This geopolitical significance and the corresponding number of international political issues that directly impact the Saudi state means that Saudi can count several strategic competitors among its neighbors. While in some cases these competitors posed threats to sovereignty, this has not been the case since Iraq invaded Kuwait and looked poised to continue on to the Saudi border. Since then, the nature of threats from other states has largely been ideological, either through conservative Islamic organizations or transnational agents acting with the support of Iran, such as Hezbollah and Hamas. This propensity to use ideology to interfere in neighboring states' domestic politics has been a common feature of Middle Eastern politics since the 1950s, when the rise of Arab nationalist movements began to challenge Arab monarchies in what Malcolm Kerr referred to as the Arab Cold War. While pan-Arabism has lost its appeal as a guiding principle in Arab politics, many look to the international political environment of the Middle East today as a new Arab Cold War, a tripolar system consisting of conservative monarchies, transitioning republics, and Shia Islamist groups, many of which are proxies for Iran. Within this system, Saudi Arabia represents the dominant power among the conservative monarchies, and is using its vast oil reserves to stabilize other monarchies, influence transitional republics, and attempt to curb the influence of Iran throughout the region.

³ U.S. Energy Information Administration, *Saudi Arabia's Key Energy Statistics*. Accessed March 7, 2016 at <https://www.eia.gov/beta/international/country.cfm?iso=SAU>

The implications of this regional competition became all the more apparent after the Arab Spring, as power vacuums across the Middle East resulted in ideological challenges to the regional status quo. The end of President Hosni Mubarak's rule in Egypt, for example, resulted briefly in a Muslim Brotherhood majority government that Saudi leaders perceived as an ideological threat to their rule and regional stability. The Muslim Brotherhood was seen to represent a transnational Islamist democratic movement that has broad appeal throughout the Middle East, where many supporters see it as a legitimate alternative to monarchy and military rule. When the Egyptian military ousted President Morsi from power and replaced him with General el-Sisi, the Saudi government issued a strong statement of support for the transition and, with the United Arab Emirates, pledged \$8 billion in cash and loans to provide stability for the transitional government.⁴

Saudi leadership has interpreted other regional conflicts as transnational sectarian threats linked to Iranian ambition to establish itself as a regional hegemon. The ouster of Yemeni president Saleh in 2012 has resulted in a civil war in which Houthi forces loyal to Saleh are perceived by Saudi leadership as an Iranian proxy meant to destabilize regional monarchies. As such, Saudi Arabia has led a coalition of eight Arab states to intervene in the war, with the intention of defeating the Houthi and by extension, marginalizing Iranian interference in the region. Likewise, the Syrian civil war is perceived through a transnational sectarian and ideological lens, as Saudi Arabia has actively supported rebel groups against the Assad government. This is attributed to the Syrian government's relationship with Iran, dating back to their shared perception of Iraq under Saddam Hussein as a common security threat. Iran has provided Syria with weapons, and both have offered state support to non-state revolutionary actors, Hamas and Hezbollah. Hezbollah, a Shia Iranian client in Lebanon, provides Syria with a bulwark against Israel, making the alliance primarily a geopolitical rather than sectarian or ideological one. Iranian weapons are routed through Syria in

⁴ Robert F. Worth, "Egypt is Arena for Influence of Arab Rivals," *New York Times*, July 9, 2013. Accessed March 7, 2016 at <http://www.nytimes.com/2013/07/10/world/middleeast/aid-to-egypt-from-saudis-and-emiratis-is-part-of-struggle-with-qatar-for-influence.html>

transit to Hezbollah. The relationship, while long troublesome to Saudi leadership, became especially threatening after the Syrian uprising began in 2011, as the government relied on material support from both the Iranian Qods Forces and Hezbollah paramilitary troops, who provided the Syrian government with training and extensive logistical support.⁵ For Saudi Arabian leadership, the prospect of a Syrian government victory in the civil war results in a stronger Iranian presence in the Middle East, as well as an empowered Hezbollah, creating a destabilizing sectarian movement that can be linked to Shia groups in Yemen and Iraq. For Saudi Arabia, the implications of this are not only regional but domestic as well, as there is a large Saudi Shia population along its Gulf coastline. The Saudi government views them as susceptible to transnational Shia political activism, creating the perception of a source of domestic political instability.

Political instability throughout the Middle East is therefore interpreted as a threat to the regional status quo, and as such, the political stability in Saudi Arabia as well. Saudi Arabia has therefore been taking an active role in trying to maintain the status quo, either through 'checkbook diplomacy' as seen in Egypt⁶, military intervention in the case of Yemen, or material support for Syrian rebels.

In its attempts to stabilize the Middle East state system, Saudi Arabia has tried to engage with international powers for support. The most important is the USA, with which Saudi Arabia has a long-standing security alliance dating to 1945, when President Roosevelt met with King Abdul Aziz aboard the USS Quincy on the Great Bitter Lake on the Suez Canal. The mutually beneficial relationship is often reduced to the logic of oil for security; Saudi Arabia continues the free flow of reasonably priced oil while the USA protects Saudi Arabia from external threats, which over the years has included Iran, Iraq, Yemen, Egypt, and the Soviet Union. Reducing the relationship to oil for security ignores the geopolitical interests the two states have shared during this relationship, however. Keeping the Soviet Union out of the Gulf was a concern for both the USA and Saudi Arabia, and was a case where the strategic concerns of the external power aligned with the regional concerns of Saudi Arabia. In the 1960s the Soviet Union supported Egypt, which

⁵ Matthew Levitt, *Hezbollah: The Global Footprint of Lebanon's Party of God*, (Washington: Georgetown University Press, 2013): 370-371.

⁶ Worth, "Egypt is Arena for Influence of Arab Rivals"

in turn staged a proxy war against Saudi Arabia through Yemen. The USA provided support for Saudi Arabia, which in turn provided funding for American anti-Communist insurgencies. Thus, the relationship between the two has been based on strategic interests and covers a much wider range of issues. For Saudi Arabia, this alliance “constitutes the foundational bedrock of Saudi Arabia’s foreign and security policy.”⁷ Cordesman expands on this, linking development, while at the same time explaining that, “The United States depends on Saudi Arabia to provide oil exports, use its swing production capacity to help stabilize the oil market, and provide basing and military support for U.S. power projection in the Gulf.”⁸ The relationship is thus a mutually beneficial one that both states see as strategically important.

Throughout the Cold War, the relationship deepened as the two states perceived the international environment similarly. Soviet aggression presented a threat to both the USA and Saudi Arabia, and their foreign policies were aligned. Bronson sees the historical alignment between the two as essentially a Cold War construct between states with few other common interests and thus explains why the relationship has devolved in the post-Cold War era:

Without a shared vision of the threats and the means to protect against them, oil interests alone could not return the relationship to its former closeness. Saudi leaders lost confidence in America’s regional policy and tight US-Saudi relations were becoming increasingly unpopular at home.⁹

The domestic anger over the Saudi government’s reliance on external military support to keep Iraq out of Saudi territory and the American troop presence that this necessitated on Saudi territory after the Gulf War made the relationship politically difficult for Saudi rulers, and this increased with American support for Israel. In turn, American domestic pressure against the close relationship became

⁷ Kristian Coates Ulrichsen, “Saudi Arabia,” in *Power and Politics in the Persian Gulf Monarchies*, ed. Christopher Davidson (New York: Columbia University Press, 2011): 83.

⁸ Anthony H. Cordesman, *Saudi Arabia Enters the Twenty-First Century: The Political, Foreign Policy, Economic, and Energy Dimensions* (Santa Barbara: Praeger Publishers, 2003): 103.

⁹ Rachel Bronson, *Thicker Than Oil: America’s uneasy partnership with Saudi Arabia*. (Oxford: Oxford University Press, 2006): 390-391.

all the more intense in the aftermath of the September 11 2001 attacks, in which fifteen of the eighteen hijackers held Saudi passports. Thus, for Bronson, “bereft of its erstwhile Cold-War era strategic underpinning, the partnership devolved into crisis.”¹⁰ Aarts, however, insists that in spite of the obvious difficulties between the two states, there remain enough common interests for them to continue working together. He dismisses the effect of domestic pressure in both the USA and Saudi Arabia, stating, “the relationship has never relied on a broad-based public support on either side of the partnership. In effect, it has always been an elite bargain.”¹¹ He goes on to acknowledge that from the Saudi side, the relationship poses problems of domestic legitimacy for Saudi leadership, but the cost is worth it, as “the US remains crucially the most powerful potential protector.”¹² Instead of a split, as Bronson anticipates, Aarts envisions a continued relationship, albeit a more ‘normal’ one in which shared interests between the two drive them to work together.

Recent events support Aart’s thesis. Despite harsh rhetoric from both sides, Saudi Arabia and the USA continue to work very closely together. Regional developments in the wake of the Arab Spring created a tense environment; Saudi leadership was angered by America’s lack of support for President Mubarak in Egypt. Influential Saudi royal family members publicly criticized American policy in the Middle East,¹³ and went so far as to reject a seat on the United Nations Security Council (UNSC) while voicing frustration with American leadership.¹⁴ At the same time, security cooperation between the two remains strong, driven partly by shared concerns of Iranian aspirations and Al Qaeda, and also by

¹⁰ Ibid: 391.

¹¹ Paul Aarts, “Events Versus Trends: The Role of Energy and Security in Sustaining the US-Saudi Relationship,” *Saudi Arabia in the Balance: Political Economy, Society, Foreign Affairs*, ed. Paul Aarts and Gerd Nonneman (London: Hurst and Company, 2005): 403.

¹² Ibid: 408.

¹³ Amena Bakr, “Saudi Arabia Warns of Shift Away from U.S. over Syria, Iran,” *Reuters*, October 22, 2013. Accessed March 10, 2016 at <http://www.reuters.com/article/us-saudi-usa-idUSBRE99L0K120131022>

¹⁴ Ian Black, “Saudi Arabia Snubs Security Council Seat over ‘UN Failures’,” *The Guardian*, October 18, 2013. Accessed March 10, 2016 at <http://www.theguardian.com/world/2013/oct/18/saudi-arabia-security-council-un>

commercial and security concerns as Saudi continues to be a major arms purchaser from the USA. Between October 2010 and December 2013, proposed USA defense sales to Saudi Arabia totaled over US\$86 billion.¹⁵ Saudi Arabia and the USA have also expanded counterterrorism and internal security cooperation since 2008, and the US military has provided training for a Saudi Facilities Security Force for the Ministry of Interior with the mission of protecting important infrastructure.¹⁶ Bilateral trade remains significant between the two states, as Saudi Arabia continues to be the largest trading partner of the USA in the Middle East, and the USA is Saudi Arabia's largest export destination and second largest source of imports.¹⁷ While both the USA and Saudi Arabia voice constant frustration with each other's foreign policies, their relationship is based on ties that would be "difficult and costly for either side to fully break or replace."¹⁸ A continued reliance on the USA is a pillar of Saudi Arabian foreign and security policy, and its alliance with Saudi Arabia remains central to the USA's Middle East policy.

In terms of China's potential role in helping Saudi Arabia navigate systemic pressures, there is no indication that it is willing to take on a more active role in Middle Eastern politics. Citing its practice of non-interference in other states' domestic affairs, China used its UNSC veto four times between 2011 and 2014 to block United Nations resolutions on Syria,¹⁹ despite the anger it generated from Arab states. Recently however, Foreign Minister Wang Yi has indicated a stronger political role for China in the Middle East, saying in an interview with Al Jazeera, "We will play a role in the political field as well. China's political role in the Middle East will only be enhanced, not diminished."²⁰ In terms of Saudi Arabia's rivalry

¹⁵ Christopher M. Blanchard, "Saudi Arabia Background and U.S. Relations," *Congressional Research Service*, February 12, 2014: 5.

¹⁶ Ibid: 6.

¹⁷ International Monetary Fund, *Saudi Arabia: Direction of Trade by Country*. Accessed March 10, 2016 at <http://data.imf.org/?sk=253a4049-e94d-4228-b99d-561553731322&sId=1390030323199>

¹⁸ Blanchard, "Saudi Arabia Background": 10.

¹⁹ "Security Council – Veto List," *United Nations: Dag Hammarskjold Library*. Accessed March 10, 2016 at <http://research.un.org/en/docs/sc/quick>

²⁰ "Wang Yi Gave an Interview to Al Jazeera," *Ministry of Foreign Affairs of the People's Republic of China*, January 9, 2014. Accessed March 10, 2016 at

with Iran, China's support for the regional status quo has benefitted Saudi Arabia. China has cooperated with the USA's efforts to prevent Iran from acquiring nuclear weapons capability, which is in line with Saudi's interests.²¹ The importance of the GCC as an economic bloc far outweighs that of Iran (see below), indicating that the Sino-Saudi relationship will continue to ensure that Saudi Arabia has in China a great power upon which it can rely in while it attempts to continue balancing against Iran.

Table 5.1 Value of China's trade with Iran and the GCC

Sino-Iranian Bilateral Trade compared with Sino-GCC Trade, 2000-2012 (millions of U.S. dollars)		
	Value of Sino-Iranian bilateral trade	Value of Sino-GCC trade
2000	2,177.29	9,893.19
2001	2,973.46	9,243.71
2002	3,093.35	10,470.62
2003	4,483.31	15,968.45
2004	5,699.68	24,673.02
2005	8,588.86	34,827.08
2006	11,627.17	45,970.81
2007	16,001.4	59,623.69
2008	22,923.09	94,285.24
2009	16,296.28	69,610.85
2010	22,311.15	94,320.88
2011	43,790.27	135,250.91
2012	35,429.32	157,066.26

(IMF, Direction of Trade by Country)

Saudi Arabia: Unit-level Pressures

The greatest source of unit-level pressures for the Saudi Arabian leadership comes from the economic demands of its rentier economic model. The Saudi state, like other GCC states, is expected to provide a wide range of state

http://www.fmprc.gov.cn/mfa_eng/wjb_663304/wjbz_663308/2461_663310/t1116509.shtml

²¹ John W. Garver, "Is China Playing a Dual Game in Iran?" *The Washington Quarterly*, 34:1 (2011): 75-76.

services and employment to its citizens. However, unlike other GCC states, Saudi Arabia must distribute this economic largess to a much larger population across a geographically large territory that was united by conquest. This highlights the vulnerability of the Saudi state at the domestic level, and emphasizes the importance of its trade relationships with other states. As Saudi Arabia's largest trading partner, both in terms of exports and imports, China plays an important economic role in Saudi Arabia's ability to manage these unit-level pressures.

Under Al Saud rule, Saudi Arabia has built a modern state, uniting formerly distinct political units. The traditional center of Al Saud power is Nejd, a central province in Saudi Arabia. Under founding King Abdul Aziz Al Saud, commonly referred to as Ibn Saud, a series of military campaigns across the peninsula brought other regions under Al Saud control, ending in 1932. Gause notes that it is "in no way a 'natural' political unit, with a long history of central governance and strong common identity."²² Creating this state required incorporating regions with very distinct political, cultural and religious identities, using Islam as a unifying factor rather than a nationalist or cultural identity. Because of this Yamani notes that religious and tribal affiliations and regional identities have long made for stronger loyalties than a Saudi national identity.²³

Nonetheless, through its rentier economic development, the Saudi state has become the central figure in the lives of Saudi Arabian citizens. Using vast energy revenues, the state has been able to provide the typical services of a modern, highly developing state, but is also expected to provide a wide range of services unusual to states outside the region. These include no taxation; unemployment assistance; free higher education; subsidized utilities, food and petrol; and funds to help pay for starting businesses, buying homes, and weddings. A major indication of the state's role in the economic lives of its citizens is the abnormally high public sector employment rate in Saudi Arabia. State employment accounts for thirty-five percent of total employment in Saudi Arabia,

²² F. Gregory Gause, III, "Saudi Arabia's Security Strategy," *International Politics of the Persian Gulf*, ed. Mehran Kamrava (Syracuse: Syracuse University Press, 2011): 170.

²³ Mai Yamani, The Two Faces of Saudi Arabia, *Survival* 50:1 (2008): 143.

the highest among the GCC states.²⁴ Between 2000 and 2010 the percentage of public sector employment as a share of total Saudi national employment varied between seventy-two and eighty-two percent.²⁵ A recent report by Gallup referred to the “90/90 employment gridlock”: the government employs approximately ninety percent of Saudis, and ninety percent of the private sector jobs are filled by expatriate workers.²⁶ The same study found that among unemployed Saudis, eighty-one percent would prefer to be employed by the government, while only seventeen would choose private sector employment, which is attributed to the perception of greater job stability with the public sector.²⁷ This puts a significant stress on the state to continue to provide employment for its citizens. Estimates from 2000 indicated that Saudi Arabia would create 3,474,000 new jobs by 2020, at which point the Saudi labour force was expected to increase by 5,091,000.²⁸ Another factor to be considered is that Saudi Arabia has a young population, with a median age of 26.8 years, which will further stress the state’s capacity to provide public sector employment.²⁹

This economic pressure is especially concerning as Saudi Arabia has not managed to diversify its economy, which is essentially reliant upon energy exports. Saudi Arabia possesses eighteen percent of the world’s proven oil reserves.³⁰ This reliance on a single resource is an economic problem. Petroleum

²⁴ Martin Baldwin-Edwards, “Labour Immigration and Labour Markets in the GCC Countries: National Patterns and Trends,” *Kuwait Programme on Development, Governance and Globalization in the Gulf States*, 15. (London: The London School of Economics and Political Science, 2011): 16.

²⁵ Ibid: 15.

²⁶ Jihad Fakhreddine and Travis Owen, “Lure of Government Jobs for Saudis,” *Gallup Business Journal*, August 10, 2015. Accessed March 16, 2016 at <http://www.gallup.com/businessjournal/184748/lure-government-jobs-saudis.aspx>

²⁷ Ibid.

²⁸ Kristian Coates Ulrichsen, “Saudi Arabia,” *Power and Politics in the Persian Gulf Monarchies*, ed. Christopher Davidson (New York: Columbia University Press, 2011): 77.

²⁹ Central Intelligence Agency, *World Factbook: Saudi Arabia*. Accessed March 16, 2016 at <https://www.cia.gov/library/publications/the-world-factbook/geos/sa.html>

³⁰ Organization of the Petroleum Exporting Countries, *Saudi Arabia Facts and Figures*. Accessed March 16, 2016 at http://www.opec.org/opec_web/en/about_us/169.htm

exports account for approximately eighty percent of Saudi Arabia's budget revenues, and ninety percent of its export earnings.³¹ Given this reliance on energy revenue and the historic fluctuations in the global energy market, Saudi Arabia is especially vulnerable when oil prices decrease. A recent study from the IMF noted that Saudi Arabia's foreign reserves are draining, it is running a significant negative fiscal balance of approximately twenty percent, and government spending has increased, partly in public spending to celebrate the coronation of King Salman, and partly because of its intervention in Yemen. The report predicted that if current spending continues and energy prices remain low, the Saudi government could be facing bankruptcy by 2020.³² With the state's central role in the economic lives of its citizens, and the economy based on energy exports, there is a strong link between economic and political stability in Saudi Arabia. Its commercial relationship with China, as discussed later in this case study, is a crucial factor in managing this tension.

Pre-People's Republic of China Historical Legacy

When the PRC was established in 1949, there was little shared history between China and Saudi Arabia. As with other societies on the Arabian Peninsula, there had been indirect Silk Road trade encounters, with Oman and the northern Gulf providing access to the Silk Road rather than the territory that today is Saudi Arabia. Admiral Zheng He, the most famous of Chinese Muslims, had visited Mecca in 1421 during his maritime voyages for the early Ming Dynasty. Otherwise, the distance between regions and a lack of mutual interests did not allow for meaningful interaction. In 1939 Saudi Arabia, needing to consolidate international recognition for its nascent kingdom, established diplomatic relations with the Republic of China (ROC), the Chinese state that preceded the

³¹ Central Intelligence Agency, *World Factbook: Saudi Arabia*. Accessed March 16, 2016 at <https://www.cia.gov/library/publications/the-world-factbook/geos/sa.html>

³² International Monetary Fund, *World Economic and Financial Surveys Regional Economic Outlook: Middle East and Central Asia*. October 2015. Accessed March 16, 2016 at <http://www.imf.org/external/pubs/ft/reo/2015/mcd/eng/pdf/menap1015.pdf>

PRC and then relocated to Taiwan in 1949.³³ However, with China at war with Japan, its relationship with Saudi Arabia was of minimal importance.

Indifference (1949-1965)

The period of indifference in Sino-Saudi relations can largely be attributed to systemic pressures reflecting early Cold War alliances of the bipolar system. Aligned with the USSR, the PRC's early foreign policy orientation was in line with the Soviet Union's. Saudi Arabia, aligned with the USA, was in the opposite camp. As neither state had an especially broad international footprint beyond its immediate region, foreign policy orientation and decisions for China and Saudi Arabia largely reflected the international pressures facing their states. Neither state was considered relevant for the interests of the other. Far from each other's borders, there were few issue areas where their interests aligned. Leadership in both states was preoccupied with consolidating their legitimacy and power, and both faced domestic and external challenges to their rule. China's successful revolution was the result of decades of struggle and CCP leadership had little in the way of direct foreign policy experience or knowledge on the Arabian Peninsula. Saudi leadership also had little awareness or experience with international politics beyond the Middle East. What knowledge they had about the PRC had come from Chinese Muslims who had immigrated to the Middle East during China's civil war between the CCP and the Nationalist Party, or Kuomintang (KMT), and largely described the PRC as hostile toward Islam.

When the KMT relocated to Taiwan, Saudi Arabia maintained this relationship rather than recognizing the PRC, a decision that reflected both international political considerations as well as ideological concerns of Saudi leadership. In terms of international political considerations, the most important were both the ROC and Saudi Arabia were allies of the USA, while the PRC was allied with the USSR. The bipolar system in this case made for an obvious strategic choice, given that there was little in the way of immediate interests that would be served by establishing diplomatic relations with a state in an opposing alliance.

³³ Behbehani, *China's Foreign Policy in the Arab World*: 2.

For Saudi leadership, official recognition of the PRC could not happen for two reasons: a strong aversion to communist ideology, and reports from Chinese Muslims who had relocated to the Middle East about the harsh treatment of Muslims by the CCP. Saudi leadership perceived the PRC as “an atheistic and oppressive government that had occupied China illegally, by force.”³⁴ In a traditionally hierarchal society, the communist ideal of a classless society was both alien to Arabian tribal life and threatening to a monarchy that was still in the process of consolidating its rule over large parts of territory that had long been separate political units. Communism’s atheism was also problematic in a society where Islam is a central facet of cultural and social traditions and for a ruling family that relied heavily upon the support of religious leaders and tribes as legitimizing factors for their rule.³⁵ This is indirectly linked to the other leadership considerations when deciding to maintain ties to Taiwan rather than the PRC: the CCP’s treatment of Chinese Muslims. As discussed in chapter three, China has a large Muslim population, and many held prominent government and military positions in the Qing dynasty and republican era. As the Republican government began losing ground to the Communists, small numbers of Chinese Muslims fled China and relocated to the Middle East – many to Cairo, but also to Jeddah and Mecca. While there are no precise records of how many relocated to Saudi Arabia³⁶, estimates range from several hundred to 10,000.³⁷ A group of Muslims from Xinjiang of Turkistani origin that had resettled in Cairo met with Saudi king Ibn Saud in 1950 and complained that, “the Communist seizure of Xinjiang had been accompanied by chaos and a large-scale offensive against the Muslims.”³⁸ Their vocal condemnation of the CCP, with reports of “a wave of trials and

³⁴ Shichor, *East Wind Over Arabia*: 1.

³⁵ A legitimizing feature of Al Saud rule has been its alliance with the Al Wahab, a religious tribe from Nejd. The alliance is based on an arrangement in which the Al Saud family has accepted and promoted the conservative doctrine of Islam and in turn received political support from a large and influential tribe.

³⁶ Harris (1993, p. 66) attributes this to the desire to assimilate quickly into Arabian society, noting that many second generation Chinese Saudis spoke Arabic rather than a Han Chinese language, as well as the stigma of association with a communist country in anti-communist Saudi Arabia.

³⁷ Harris, *China Considers the Middle East*: 65.

³⁸ Shichor, *East Wind Over Arabia*: 1.

executions”³⁹ shaped the perceptions of Saudi Arabian leadership of the PRC, contributing to the decision to maintain diplomatic relations with Taiwan.

The PRC’s early attitude toward Saudi Arabia was also shaped by both systemic pressures as well as by the CCP leadership’s preferences and perceptions. That the kingdom was an ally of the USA, hostile to both the USSR and communism, added to the perception of a “reactionary, theocratic, and feudal kingdom.”⁴⁰ That it officially recognized Taiwan made it especially hostile in the eyes of PRC leadership. However, Saudi Arabia had little strategic significance for the PRC at this point. As a region, the Middle East was viewed through the lens of Mao’s interpretation of the bipolar early Cold War system. Mao perceived the Middle East as an object of super power struggle between the USA and USSR – a part of the “intermediate zone,” which for Mao encompassed all states not aligned exclusively with either power. Mao believed that the USA’s goal was to first dominate the intermediate zone before then attacking the USSR and its allies in the Socialist camp. China’s approach to the Middle East was an ideologically dogmatic one in which it “urged the peoples and governments of the Middle East ... not to participate in American military pacts and encouraged what they called the ‘national liberation movement’ in that area to drive away any imperial presence (both military and domestic).”⁴¹ Saudi Arabia, firmly in the American camp, was of marginal importance, as was much of the region. In the early 1950s, the PRC’s Foreign Ministry did not have a department dedicated to the Middle East, reflecting the perception that “it was not evident what, if anything, China and the Middle East had to offer one another.”⁴²

The PRC began to take the Middle East more seriously in the mid-1950s, and the Bandung Conference in 1955 saw the PRC exert more effort into developing a regional presence. Zhou Enlai used his considerable diplomatic skill to increase the PRC’s stature in the Afro-Asian world, including the Middle East. His immediate regional focus was improved relations with Egypt, then the most powerful and important Arab state, but there was also a perceived value in

³⁹ Shichor, *The Middle East in China’s Foreign Policy*: 18.

⁴⁰ Shichor, *East Wind Over Arabia*: 2.

⁴¹ Shichor, *The Middle East in China’s Foreign Policy*: 13.

⁴² Harris, *China Considers the Middle East*: 82.

stronger ties to Saudi Arabia.⁴³ Meeting with Saudi Prince Faisal, Zhou was able to persuade him to accept a Chinese *hajj* delegation of twenty Chinese Muslims. These missions lasted from 1955 to 1964, ending with the Cultural Revolution, but during this period the small Chinese delegations of pilgrims provided PRC leadership access to Saudi's rulers; the chairman of the China Islamic Association, Burhan Shahidi (Bao Erhan) organized and led the Chinese *hajj* missions to Mecca, where he was received by King Saud, the prime minister, and the foreign minister. Shichor claims that Bao was "deeply involved in China's foreign relations network"⁴⁴ and the PRC used the pilgrimages as an opportunity to promote its foreign policy objectives in the region. However, with no record of what was discussed during these meetings, they only provide evidence that the PRC had unofficial access to Saudi leadership. During this period, the PRC certainly took a more active role in the Middle East, but the states that eventually came to comprise the GCC remained marginal to PRC interests. After Bandung, the PRC established diplomatic relations with Egypt, Syria, and Yemen, all in 1956, serving the dual purposes of large and important Arab states withdrawing diplomatic recognition of the ROC, always an important domestic goal, and winning a diplomatic point against Western powers that were trying to prevent the spread of communist influence in the Middle East.⁴⁵

Even so, China's regional presence did not increase, and it remained a marginal actor with Saudi Arabia in the period between the Bandung Conference in 1955 and the beginning of the Cultural Revolution in 1965. The Arab states that China wooed the most persistently in the Middle East – Syria, Iraq, Yemen and Egypt – were considered hostile to Arab monarchies during a period that has since been referred to as the first Arab Cold War. Nationalist movements throughout the Arab world, led by Egypt's President Abdel Nassr, opposed Arab monarchies, led by Saudi Arabia's King Saud. Neither the nationalists nor the monarchies perceived the PRC as a reliable regional presence. During the domestic turmoil of the Great Leap Forward, China had begun supporting Middle East communist movements, which alienated both nationalists and monarchs. The few diplomatic

⁴³ Calabrese, *China's Changing Relations*: 10-12.

⁴⁴ Shichor, *East Wind Over Arabia*: 3.

⁴⁵ Harris, *China Considers the Middle East*: 90.

gains post-Bandung were lost, as China's relations with Middle Eastern states stagnated. Saudi Arabia continued to maintain its ties to Taiwan, meaning that there were no diplomatic exchanges between Saudi Arabia and the PRC beyond the annual *hajj* pilgrimages. Economic exchanges were equally minimal, with PRC exports to Saudi Arabia ranging between a low of \$40,000 in 1956 to a modest high of \$4,200,000 in 1965.⁴⁶

This stagnation can be attributed to a combination of domestic and systemic pressures. Systemically, the USA remained China's most significant international concern. At the same time, however, relations with the USSR became strained after Khrushchev denounced Stalin in the 1956 Twentieth Party Congress of the Soviet Union. Mao took this condemnation as a threat to his own hold on power within the CCP. The launching of Sputnik in 1957 demonstrated the Soviet Union's increasing technological and military power, causing concern among the CCP leadership that the USSR

was becoming less dependent on China and less supportive of its revolutionary allies now that it appeared to have a home-based deterrent against its main enemy. In Mao's eyes, Moscow also appeared to be more assertive toward China in hopes of gaining a higher degree of control over its weaker ally.⁴⁷

These pressures from the USSR led Mao to implement the disastrous Great Leap Forward in a misguided attempt to make China a stronger and more self-sufficient state. The resulting famine, in which as many as 20 to 43 million Chinese died⁴⁸, created a concomitant economic crisis that had a negative impact on the PRC's foreign relations, leaving it unable to build upon its minimal and short-lived gains made in the Middle East in the post-Bandung period. Thus PRC elite's perceptions of international political pressures, combined with significant domestic instability, contributed to a continued minimal role for China in the Gulf.

⁴⁶ Shichor, *East Wind Over Arabia*: 5.

⁴⁷ Christiansen, "Windows and War": 62.

⁴⁸ Jonathan Spence, in *The Search for Modern China* (583) estimates 20,000,000. Yang Jisheng's *Tombstone: The Great Chinese Famine (1958-1962)* estimates 36,000,000 famine-related deaths, while Frank Dikotter's *Mao's Great Famine* believes estimates 43,000,000.

Hostility (1965-1971)

This period in Sino-Saudi relations was characterized by the PRC's attempt to take a more assertive revolutionary role in the international system, as a reaction of PRC leadership to threats from both the USA, as its presence in South East Asia increased, and as its relationship with the USSR worsened. This threat perception from the international system led to domestic upheaval in the early stages of the Cultural Revolution. In terms of its relations with Saudi Arabia, this led to a revolutionary foreign policy on the Arabian Peninsula that directly threatened the leadership of Oman⁴⁹, which shares a nearly 700-kilometer long border with Saudi Arabia, and gave Saudi leadership further reason to distrust the PRC. There were few opportunities for bilateral exchanges between China and Saudi Arabia, however informal, as even the hajj pilgrimages had been halted from 1963-1976. China's actions in the region during this period caused serious long-term damage to its reputation with Saudi leadership, which would remain the case until the mid-1980s.

As described in the previous section, the PRC's analysis of the bipolar system and its weakening alliance with the USSR negatively influenced its relations with Arab states, and also led to dramatic domestic economic and social upheaval. In supporting communist parties in Arab states, the CCP alienated Arab leaders and weakened its already marginal presence in the Middle East. In attempting to become self-sufficient and reduce its reliance on the USSR, the Great Leap Forward was a domestic disaster that weakened the PRC to the point that it could not adopt a leadership role in the Third World, including the Middle East, that Chinese leaders felt was a natural byproduct of the PRC's status as the world's largest developing state. The Middle East, and by extension the Gulf and Saudi Arabia, was still perceived by Chinese leadership through the prism of Cold War logic, but with the USSR seen as a rival, the Middle East came to serve a different set of interests: "The Middle East, which in the 1950s had served as a theatre for Sino-Soviet collaboration, in the 1960s functioned as an arena of Sino-Soviet rivalry."⁵⁰ For those Arab states not aligned with the USA, the USSR was perceived

⁴⁹ This is discussed in detail in the Oman case study chapter.

⁵⁰ Calabrese, *China's Changing Relations*: 30.

as a more strategically reliable ally than China. As such, the Middle East became a region where a revolutionary foreign policy would potentially lead to Chinese gains at the expense of the USSR. The strategic importance of the region was considered marginal, but Beijing was “committed to undercutting the superpowers in the region.”⁵¹

In terms of Sino-Saudi relations in the face of those systemic pressures, the relationship, already marginal to the interests of each other, escalated from indifferent to hostile. That Saudi remained firmly in the American camp further exacerbated tensions, as Chinese rhetoric against the USA and its allies intensified commensurate with the American presence in Vietnam. However, it was the PRC’s support for revolutionary movements in the Middle East that was a direct challenge to the Saudi monarchy, made all the more threatening when in 1969 the PRC opened an embassy in Yemen, which shares a long and traditionally troublesome border with Saudi Arabia, and facilitated Chinese linkage to both post-colonial revolutionary movements in East Africa, and more importantly for Saudi leadership, the Dhofari insurgents in Oman, bordering Yemen.

The PRC’s support for Dhofari rebels in Oman was the greatest source of Sino-Saudi hostility, and is discussed in greater detail in the Oman case study. The Dhofari insurgents were leading a regional rebellion to overthrow an unpopular Sultan, Said bin Taimur. Chinese leadership, however, mischaracterized the rebellion as an anti-imperialist resistance movement. The PRC began reaching out as early as 1957 to the leaders of what eventually became the Dhofar Liberation Front (DLF), offering military aid through its envoy in Egypt. The offer was rejected, yet contacts continued throughout the early 1960s. The DLF launched its military insurrection in June 1965, shortly before Lin Biao gave his influential speech, “Long Live the Victory of the People’s War!” which called for a commitment to exporting China’s revolution. In this spirit, a delegation from the DLF was invited to Beijing in 1967, meeting with defense ministry officials, and was promised light armaments, \$35,000, and Maoist-Marxist literature.⁵² That Mao’s political philosophy was sent to the DLF was used as evidence of his international standing as a political theorist and statesman: “Between 1967 and

⁵¹ Ibid: 52.

⁵² Behbehani, *China’s Foreign Policy*: 176.

1972 China made frequent claims that Mao Zedong thought was studied and applied in Dhofar.”⁵³ The DLF grew more ambitious, changing its name to the People’s Front for the Liberation of the Occupied Arabian Gulf (PFLOAG) in 1968, with the goal of a revolution that extended across the Peninsula, from Dhofar to Kuwait.⁵⁴ This coincided with Britain’s announcement that it would withdraw its forces and administrative support from the region by 1971. At this point, the PFLOAG’s maximalist aims for revolution brought it closer in line with the PRC’s foreign policy goals for the Middle East. In July 1969 the PRC opened its embassy in Yemen, which became “a clearinghouse for Chinese weapons and supplies,”⁵⁵ providing “a base from which to build and extend its influence ... for China’s intergovernmental and revolutionary activities to coexist harmoniously.”⁵⁶ The PRC was the chief foreign patron for the PFLOAG.

For Saudi leadership, the regional security environment posed material threats in the form of a hostile power on its borders supporting a revolutionary agenda for the peninsula. This was exacerbated by the Soviet support for the ruling Baathist regime in Iraq, creating the threat of a communist pincer movement against Saudi Arabia and the other Gulf monarchies at a time when the United Kingdom, the regional security provider, was actively disengaging from the Gulf. China was clearly understood by Saudi Arabian leadership as a hostile external power trying to destabilize the region. At the same time, reports of mistreatment of Chinese Muslims during the Cultural Revolution were starting to be heard in Saudi Arabia, further reinforcing the Saudi perception that China was actively hostile to Islam:

Muslims were subjected to intense coercion and, sometimes, atrocity. Most mosques and religious schools were closed, communities were deprived of leadership and religious practice was punished. Desecration of religious sites, forced labor for the recalcitrant, beatings, humiliations, and denial of redress were widespread. Many Muslims were forced into communes where they were condemned to starvation or compliance with culinary practices that violated *qing zhen* (*halal*).⁵⁷

⁵³ Harris, *China Considers the Middle East*: 117.

⁵⁴ Huwaidin, *China’s Relations with Arabia*: 103.

⁵⁵ Aryeh Yodfat, *The People’s Republic of China and the Middle East* (Bruxelles: Centre d’Etude du Sud-Est Asiatique et de l’Extreme-Orient, 1977): 229.

⁵⁶ Calabrese, *China’s Changing Relations*: 59.

⁵⁷ Harris, *China Considers the Middle East*: 98-99.

Thus, as China actively supported a movement that had the goal of destabilizing and ultimately overthrowing Gulf monarchies, Saudi Arabia's hostility toward China was reciprocated.

Transition (1971-1990)

While 1971 does not by any means represent a thawing of Sino-Saudi relations, it does represent the end of the PRC's support for revolution in the region, and as such, signals the beginning of a transitional period when Chinese leaders came to support the regional status quo, and becoming, in Shichor's description, "an eager champion of stability in the Persian Gulf."⁵⁸ Saudi leadership was still intensely hostile toward the PRC, and diplomatic relations were still nearly twenty years away. However, 1971 marks a significant turning point in the PRC's foreign policy orientation, which would eventually lead to the dense levels of interdependence seen today. This turning point hinged on Mao's interpretation of the Cold War rivalry between the USA and USSR and the potential for systemic gains for the PRC. Gulf politics, still relegated to the murky and ill-defined 'intermediate zone' for Mao, were considered only in relation to their Cold War orientation. Gradual improvement of the PRC's role in the Gulf was a byproduct of this international political recalibration.

China's security environment in the late 1960s was perhaps the most threatening it had been since the founding of the PRC, with the very real prospect of being completely encircled by hostile states. With the USA in Vietnam, China began to offer substantial military support to the North Vietnamese regime, threatening a repetition of the Korean War experience.⁵⁹ American bases in South Korea, Japan, and the Philippines further exacerbated the perception of threat from the USA. Along its western border, tensions were still high with India in the wake of the 1962 war. And in the north, the USSR, once an ally, had been recast from a 'socialist rival' to China's 'principle enemy'.⁶⁰ Border skirmishes between

⁵⁸ Shichor, *The Middle East in China's Foreign Policy*: 177.

⁵⁹ Chen Jian, "The Path Toward Sino-American Rapprochement, 1969-1972," *German Historical Institute Bulletin*, 1 (2003): 27.

⁶⁰ Calabrese, *China's Changing Relations*: 73.

China and the Soviet Union in 1969 threatened to escalate to a war, with several hundred thousand troops amassed along the border on either side. This situation had worsened to the point that a Soviet embassy official in Washington had asked a US State Department official how the USA would react to a Soviet attack on Chinese nuclear facilities.⁶¹ In this tense environment, PRC propaganda had begun referring to the USSR as a 'socialist imperialist country', making it the greatest threat to the proletarian revolution, a theoretical framework in which the USA, while still an enemy, was no longer considered China's primary enemy.⁶² Clearly, Chinese leadership saw the USSR as their greatest security threat.

This reassessment of the international political system created a space for Sino-American rapprochement. For the USA, this served several objectives. In the process of trying to disentangle itself from the war in Vietnam, improved relations with China could help end the war and decrease tensions with other communist states in Asia, reducing the prospect of future American wars in Asia. Improved relations with China were also seen as a means of leverage for the USA against the USSR, as "the Soviets were more likely to be conciliatory if they feared we would otherwise seek a rapprochement with Peking."⁶³ Thus, both the PRC and USA were conditioned for improved relations, and Kissinger's trips to China in 1971 set the stage for the rapprochement that came with Nixon's 1972 trip to Beijing.

China's foreign policy orientation in the Gulf was dramatically altered as a result of this reassessment of the international political system. The Arab Gulf monarchies were in a Communist pincer movement, with Soviet pressure coming from Iraq, whose Baathist regime had been under political and economic influence from the USSR, and China from Dhofar in Oman. The PRC's concerns about Soviet ambitions in the Gulf grew when the British government announced that it was withdrawing from the region in 1971 and the USA, engaged in Vietnam, could not divert troops from South East Asia to the Gulf to replace it as an offshore balancer. The PRC interpreted this as an opportunity for Soviet expansion into the region. Support for the Dhofari rebellion was not paying the hoped-for dividends (see

⁶¹ Henry Kissinger, *White House Years*, (Boston: Little, Brown and Company, 1979): 182.

⁶² Chen, "The Path Toward Sino-American Rapprochement": 29.

⁶³ Kissinger, *White House Years*: 182.

Oman case study) and according to the PRC's logic, a politically unstable Arabian Peninsula benefitted the USSR's expansionist intentions for the region. Chinese leadership came to believe that they had more to gain in the Gulf by working with established governments rather than revolutionary movements. This foreign policy reorientation led China to become a status quo rather than a revolutionary regional actor.⁶⁴ Diplomatic efforts also brought China closer to the status quo after it established diplomatic relations with Iran and Kuwait in 1971. Kuwait was offering economic and political support to the Omani government, and Iran military support. The prospect of Iranian casualties from China-supplied weapons in Oman would have damaged the PRC's nascent relations with Iran, a considerably more important regional actor than the Dhofari rebels. The PRC's willingness to end its support for the PFLOAG signaled their newfound appreciation for the regional status quo and earned the appreciation of the Shah of Iran, who stated in his memoirs that China, "having established diplomatic relations with Iran, withdrew (support for the Omani rebels). This goes to show that China does not play a double game."⁶⁵

Saudi leadership, however, was still openly hostile toward the PRC. It was the only Arab state to vote against the PRC's admission to the UN in 1971⁶⁶, continuing to support the ROC. In 1972, Saudi Arabia initiated a trade ban against the PRC, justifying it as a necessary measure to keep Chinese propaganda out of the kingdom. Despite this deep mistrust, PRC leaders had come to see Saudi Arabia as a crucial regional actor with which they needed stronger ties. In 1973 Saudi Arabia's leadership role in the oil embargo demonstrated their importance in the global economy as well as an independent streak in international politics that the PRC had not realized, still seeing the Gulf monarchies as 'reactionary kingdoms' taking directions from the USA.⁶⁷ Saudi leaders had also proven more resilient than the Arab nationalists, most of whom had lost their popular legitimacy in the

⁶⁴ John W. Garver, *China & Iran: Ancient Partners in a Post-Imperial World* (Seattle: University of Washington Press, 2006): 49.

⁶⁵ Mohammad Reza Pahlavi, *The Shah's Story* (London: Michael Joseph, 1980): 135.

⁶⁶ Bahrain, Jordan and Lebanon abstained, and Oman was absent from the Assembly. Qatar and the UAE were not yet members of the UN, as neither was actually a state yet.

⁶⁷ Olimat, *China and the Middle East*: 134.

Arab world in the wake of the 1967 war with Israel. Also, Saudi Arabia, along with Iran, was a key actor in the Gulf security system in the wake of Britain's exit from the region. Domestically, Saudi Arabia, as the custodian of the two holiest sites in Islam, holds a singularly important role in the Muslim world, and improved Sino-Saudi relations were perceived as providing domestic benefits for China, given its large Muslim population, which had not been permitted to travel for *hajj* between 1963 and 1976. Finally, Saudi Arabia's diplomatic relations with Taiwan remained a domestic political problem for the PRC, which viewed any international recognition of Taiwan as giving legitimacy to what China considers a rogue province. Thus the PRC was strongly motivated to seek diplomatic recognition from Saudi Arabia. The primary motivations were largely systemic, although domestic considerations were also significant factors.

As discussed in chapter four, the Gulf system underwent significant change in the 1970s. The departure of Britain altered the longstanding regional balance of power, and it also gave rise to the UAE and Qatar as sovereign states. Oman, as discussed in the Oman case study, began a period known as the *nahda*, or renaissance, as Sultan Qaboos began to modernize the state after a long period of stagnation under his father Sultan Said's rule. Baathist Iraq's hegemonic intentions for the Gulf were clear, and the Arab Gulf monarchies and Iran, while not completely comfortable with each other, operated as allies. In this system, Saudi Arabia played a larger role, and the smaller Arab Gulf monarchies, many of which had territorial disputes with Saudi Arabia, were nonetheless compelled to work with Saudi leadership in a regional sub-system defined more by hierarchy than anarchy. In terms of their relations with the PRC, the other Arab Gulf monarchies seemed to be taking their cues from Saudi Arabia.⁶⁸ The UAE, for example, exchanged cables with China upon establishing its federation, yet China's suggestion that they develop diplomatic relations went unanswered, in what Abidi believes to be a response to Saudi pressure.⁶⁹ Qatar and Bahrain also declined official ties. In this environment, the PRC's approach to developing official relations with Saudi Arabia and the other monarchies took a patient, long-term approach.

⁶⁸ Excluding Kuwait, which had already established official relations with China.

⁶⁹ Abidi, *China, Iran, and the Persian Gulf*: 226.

As discussed in the Oman case study, Oman extended diplomatic recognition to the PRC in 1978. Both Omani and Chinese leadership used this relationship to pursue other international objectives. For the PRC, establishing ties with Oman first, especially given their recent difficult past, was a prudent strategy. It gave the opportunity for the PRC to prove it could be a reliable partner in an interest-based, non-ideological relationship. That Omani leadership shared China's concerns about Soviet designs on the Gulf created a mutual foreign policy objective for the region. This relationship with Oman provided China with the chance to build toward similar recognition from other Gulf states, with the UAE, Qatar and Bahrain following suit through the 1980s, culminating finally with Saudi Arabia in 1990.

It was also during this period that domestic political considerations began to have a larger role in driving China's international political decisions. As described in chapter three, the leadership transition from Mao to Deng in 1978 led to the initiation of Four Modernizations (*si ge xiandaihua*) and the Opening Up Policy (*gaige kaifang*), or the Reform Era. Aware that the CCP's legitimacy required economic performance rather than ideological purity in the wake of the Cultural Revolution, China's leaders began taking advantage of the benefits of the Western-led liberal international order to facilitate domestic growth and development. This led to a larger focus on international trade relations driving much of China's foreign policy. While this did not have an immediate impact on Saudi Arabia in this early period of transition, it would come to have enormous benefits to both states as they reached denser levels of interdependence after establishing diplomatic relations, and especially after China joined the WTO.

The Gulf security environment in the 1980s was significantly more challenging for the Arab Gulf monarchies than it was in the 1970s, and the PRC was able to establish itself as a reliable regional actor throughout the decade. As discussed in chapter four, a series of events in 1979 led to a dramatically different Gulf security environment. The Soviet invasion in Afghanistan was taken as evidence of expansionist ambitions into the Gulf. Saddam Hussein took power in Iraq, determined to take a more assertive role in the region. The Shah was overthrown in Iran, dramatically altering the regional balance of power. A group of would-be Saudi revolutionaries occupied the Grand Mosque in Mecca, with the

goal of overthrowing the Al Saud. Finally, a Shia uprising in Saudi Arabia's Shia majority Eastern Province was violently put down. This was viewed as both domestic and external security threat; Arab Gulf leaders linked Shia protests to the Iranian revolution, and had come to worry that their large Shia populations could act as a possible fifth column for Iranian attempts to destabilize their states from within. In this environment, Gulf monarchs perceived their position as more vulnerable than at any other point in their history. The situation grew worse in 1980 when the war between Iraq and Iran broke out, threatening regional stability and the sovereignty of the smaller states on the Arabian Peninsula. This led to the establishment of the GCC in 1981 as a collective security alliance against external threats, and closer integration and frequent meetings to share intelligence and coordinate action on domestic threats.

These systemic and domestic political pressures in the Gulf provided opportunities for the PRC to create a larger role for itself in the region, which led to China and Saudi Arabia edging closer together throughout the decade. The first factor was a result of China's arms sales to both Iran and Iraq during their war. Deft diplomacy by Omani leadership was used to bring China to a more constructive role by emphasizing how the PRC's short-term economic gains were threatening their reputation with Arab leaders and their long-term regional interests, as it was seen by the GCC as destabilizing and contributing to the continuation of the war.⁷⁰ Chinese leaders were convinced by Omani diplomats that an arms sales strategy that was consistent with GCC leaders' interests would lead to improved relations with the GCC and ultimately diplomatic recognition from Bahrain, Qatar, Saudi Arabia, and the UAE. PRC leadership took an active approach to pursuing relations with Saudi Arabia, which became apparent in China's Middle East policy, which increasingly was aligned with Saudi's interests. Diplomatically, China supported Saudi Arabia's efforts to end the Iraq-Iran war, to mediate a ceasefire in Lebanon, and to build a stronger GCC union.⁷¹ China also used diplomatic back channels to deliver intelligence to Saudi Arabia concerning Soviet ambitions in the Gulf, expressing support for Saudi Arabia's role as a regional bulwark against Soviet aggression.

⁷⁰ Kechichian, *Oman and the World*: 192.

⁷¹ Huwaidin, *China's Relations with Arabia*: 217.

Still, Saudi Arabia refused to establish diplomatic relations with the PRC. Its relations with Taiwan were strong, with Taiwanese firms involved in several construction and infrastructure projects in the Kingdom. Taiwan's lack of domestic energy resources meant that there was a high level of interdependence in the relationship.⁷² It was obvious, however, that the PRC, with its seat on the UN Security Council and its increasing international presence, would prove to be a more important international partner, and the other Arab Gulf monarchies were following Oman's lead, with the UAE establishing diplomatic relations with China in 1984.

The ideological differences between the PRC's communism and Saudi Arabia's leadership position in Islam made official relations between the two difficult. Saudi leadership and religious authorities continued to condemn the mistreatment of Chinese Muslims. They also had to contend with their own religious leaders, as clergy in Saudi Arabia "would have vehemently opposed seeing the flag of a communist country flying in Riyadh or in Jeddah, the home of some diplomatic missions and only 70 miles from the holy shrines of Mecca."⁷³ The Soviet war in Afghanistan, seen in the Middle East as communist repression against Muslims, made it especially difficult for Saudi Arabia to consider ties with China.

However, in the 1980s, China began to use Islam as a means of reaching out to Saudi leadership. Shichor documents the PRC's strategic use of reciprocal visits prior to establishing diplomatic relations, with Muslim organizations from both states sending delegations in order to create channels of dialogue between the two governments. This also served as an unofficial means of creating a more positive image of China for Saudi leaders. High-ranking Muslim CCP officials, such as Ismail Amat, the chairman of the Xinjiang Uighur Autonomous Region, performed the hajj pilgrimage in 1985, and met with Saudi Arabia's grand mufti and the secretary general of the Muslim World League. He also met with Prince Abdulrahman bin Abdullaziz, Saudi Arabia's vice-minister of defense and aviation. After this meeting, the prince expressed his hope that the visit would contribute to

⁷² T.Y. Wang, "Competing for Friendship: The Two Chinas and Saudi Arabia," *Arab Studies Quarterly*, 15:3 (1993): 66.

⁷³ Olimat, *China and the Middle East*: 136.

improved mutual understanding between China and Saudi Arabia, and also that he hoped the visit would be followed by more from Chinese Muslims and “other Chinese friends.”⁷⁴ Upon returning to China, Amat stated that both sides expressed hopes for increased interactions in economic, cultural, and religious exchanges, and that the prince “had expressed admiration for the Chinese policy of freedom of religious belief and economic policies.”⁷⁵ This was followed by a visit to China by a Saudi delegation led by Marouf al-Dawelibi, Chairman of the Muslim World Congress, who also acted as an advisor to the Saudi king on religious and foreign affairs. He returned to Saudi Arabia expressing “a very positive image of Islam in China.”⁷⁶ This led to larger non-state visits, culminating with a 1987 five-day international conference held in Beijing, organized by the Muslim World League, in cooperation with the China Islamic Association, in which 300 Muslim leaders participated. The Saudi Secretary-General of the Muslim World League delivered the opening speech, in which he stated that the conference’s intended goal was “laying bridges of cooperation with China’s Muslims.”⁷⁷ He later claimed that Saudi Arabian leadership had pursued stronger ties to Chinese Muslims because of “the openness revealed by Peking toward the outside world and its new attitudes toward the Muslims that encouraged us to hold the conference.”⁷⁸ Huwaidin sees Islam as a foreign policy instrument used by the PRC during this period, and the frequent unofficial visits were important in building relations between China and Saudi Arabia.⁷⁹

The 1980s saw relations develop at a much more significant pace in terms of trade as well. Importantly, Saudi Arabia removed the ban on trade with China in 1981. Indirect trade between China and Saudi Arabia had amounted to a relatively insignificant \$149 million throughout the 1970s, accounting for only four percent of China’s regional trade.⁸⁰ By the mid-1980s, Saudi Arabia “had become one of the most important Middle Eastern markets for China’s civilian

⁷⁴ Shichor, *East Wind over Arabia*: 8.

⁷⁵ Huwaidin, *China’s Relations with Arabia*: 221.

⁷⁶ Ibid: 221.

⁷⁷ Shichor, *East Wind over Arabia*: 9.

⁷⁸ Ibid: 9.

⁷⁹ Huwaidin, *China’s Relations with Arabia*: 221.

⁸⁰ Ibid: 224.

trade.”⁸¹ By the end of the 1980s, Sino-Saudi trade had increased to \$2.212 billion, over twenty-two percent of China’s regional trade.⁸² Trade was another medium of indirect government contact as delegations of entrepreneurs traveled back and forth throughout the 1980s, until in 1989 they opened commercial representative offices in Riyadh and Beijing. China’s ambassador to Washington, where the agreement was signed, said,

The establishment of commercial representative offices in each other’s territory by China and Saudi Arabia is an important indicator of the positive and steady development of friendship and co-operation between the two countries. The purpose of all of this is to achieve the normalization of their relations.⁸³

Trade relations became the most significant factor in the decision to establish diplomatic relations, after Saudi Arabia purchased intercontinental ballistic missiles from China. Known in Chinese as Dong Feng (East Wind) 3A (DF-3A) and in the West as CSS-2, this sale was valued at between \$1-1.5 billion.⁸⁴ However, the larger impact was in establishing trust between China and Saudi Arabia, as high-ranking officials from both states were involved in the deal, giving the governments a direct channel of official communication for the first time. Officially announced in 1988, the East Wind deal started with quiet diplomacy in 1985. Saudi Arabia, long a major international arms buyer, had been trying to purchase the U.S. Pershing missile, a mobile intermediate range missile that could be armed with either a conventional explosive or nuclear warhead. The logic behind the attempted purchase was as a deterrent to the Soviet Scud missiles that both Iran and Iraq were using in their war. Prince Bandar bin Sultan, Saudi Arabia’s long-serving ambassador to Washington, later explained that “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.’”⁸⁵ The Reagan

⁸¹ Shichor, *East Wind over Arabia*: 15.

⁸² Huwaidin, *China’s Relations with Arabia*: 225.

⁸³ Ibid: 223.

⁸⁴ Shichor, *East Wind over China*: 27.

⁸⁵ David B. Ottaway, *The King’s Messenger: Prince Bandar Bin Sultan and America’s Tangled Relationship with Saudi Arabia* (New York: Walker and Company, 2008): 67.

administration refused the Saudi request. Shortly afterward, the U.S. Congress blocked another attempted arms purchase, this time F-15E fighters and short-range missiles, under pressure from the American Israel Public Affairs Committee (AIPAC).⁸⁶ Denied the purchase of weapons from its long-time principle supplier, Saudi Arabia chose an unconventional approach. Prince Bandar met China's ambassador to Washington, Han Xu, and casually mentioned that the Saudi Arabian government was interested in buying Chinese missiles.⁸⁷ This led to a series of talks, the first of which was held in Islamabad, where Bandar went with a Saudi delegation under the guise of discussing joint cooperation with China in developing petrochemical industries, but with the real objective to determine the level of Chinese interest. Bandar then made five trips to Beijing, three secret and two public, in order to discuss the terms of the sale. To deflect US suspicion, he used a cover story that Saudi Arabia was meeting Chinese officials in order to assist Iraq; the PRC was selling weapons to both Iraq and Iran in their war, and Bandar claimed that his visits to China were to convince the PRC to stop its sales of Silkworm missiles to Iran, offering to make up the difference by purchasing the missiles for Iraq. After Bandar had laid the foundation for the deal, his half-brother, Khaled bin Sultan, then Commander of the Royal Saudi Air Defense Forces, was put in charge of the talks, and made four trips to China, also covert, traveling first to another Asian country on an official visit before unofficially visiting China, also using the story of attempting to end Chinese arms sales to Iran.⁸⁸

For Saudi Arabia and China, the East Wind missile deal met different objectives. Saudi, worried about the increasing sophistication of Iranian and Israeli weapons systems, needed to find an alternative to the USA after the F-15E sale was blocked by Congress. The choice of China was both sensible as a practical security matter – it had the technology, and by becoming a major purchaser of Chinese weapons, Saudi Arabia would also establish an important commercial relationship with the major arms supplier for Iran. The purchase also diversified

⁸⁶ Ibid: 67.

⁸⁷ Ibid: 69.

⁸⁸ Khalid Bin Sultan al Saud, *Desert Warrior: A Personal View of the Gulf War by the Joint Forces Commander* (New York: HarperPerennial, 1995): 139.

the number of powerful states that had a stake in maintained Saudi security. For China, the deal opened the door to diplomatic relations with Saudi Arabia, giving it a greater presence in the Gulf while at the same time eventually closing the door on one of Taiwan's remaining diplomatic relationships.

Official diplomatic relations were established in 1990. Again, Prince Bandar bin Sultan was a key figure, visiting Beijing in July 1990 to discuss full diplomatic recognition. For China, the most significant hurdle was Saudi's ongoing relations with Taiwan, demanding that the kingdom sever ties with the ROC. While a long-term ally with economic benefits for Saudi, the potential military and political advantages of a formal relationship with the PRC was a much greater draw for the Saudi government, and it sent a minister to Taipei to inform the Taiwanese government of its decision with the request that their embassies be designated as representative offices instead. China's Minister of Foreign Affairs, Qian Qichen, flew to Riyadh to sign the communiqué announcing the establishment of PRC-Saudi Arabia diplomatic recognition.⁸⁹

That the leadership of the two states chose 1990 to recognize each other should be considered in the context of the security environment each faced, as well as the weapons sales and increased interactions throughout the 1980s. By this point Saudi Arabia recognized Iraq as a threat, having ended its war with Iran and accrued significant debt after borrowing more than US\$20 billion from the GCC throughout the war. China would prove a useful ally not only because of its position on the United Nations Security Council but also because of the relationship it had developed with Iraq while selling weapons to it during the Iran-Iraq war. For Saudi Arabia, stronger ties to China could provide a measure of influence on Iraq. China, on the other hand, was in need of as many allies as it could find in the wake of the Tiananmen Square massacre of June 1989, which led to economic sanctions from most Western states and Japan. Arab states were

⁸⁹ In his memoirs, Qian describes the three-day visit. The first day was dedicated to negotiating the communiqué, and they were to meet on the second day to sign it. The Saudi Foreign Minister, Prince Faisal, did not arrive until later in the day, causing much concern and confusion for the Chinese delegation. Upon arriving later in the day, they were told that the Prince had been sent to mediate between Iraq and Kuwait, trying to negotiate a cessation of hostilities that were to come. Qian Qichen, *Ten Episodes in China's Diplomacy* (New York: Harper Collins Publishers, 2005): 55-56.

more inclined to interpret the matter as a domestic security concern and as such, there was no foreign policy linkage.

Thus, the transition period demonstrated the change in Saudi leadership's perception of China from an actively hostile regional presence to a useful and powerful partner. Chinese leaders in turn had come to see Saudi Arabia as an important actor in the Middle East, a region that was increasingly important in meeting China's international political objective of limiting Soviet power, and accepting the status quo as a means of international and political stability for the PRC. This increased with the transition from Mao to Deng, as Chinese leaders further perceived the importance of economic and political engagement with status quo states in order to hasten Chinese economic growth and development. Improved Sino-Saudi relations were a result of a patient strategy, whereby China established official relations with each of the GCC member states, in the process demonstrating the political and commercial benefits of ties to China to Saudi leadership. This process led to diplomatic relations between China and Saudi Arabia, which in turn signaled the beginning of the period of interdependence between China and the GCC member states.

Interdependence (1990-2012)

During the period of interdependence, Sino-Saudi relations intensified across a wide range of interactions that meet systemic and unit-level interests for both states. It has become China's most important relationship in the Middle East, and one of Saudi Arabia's most important relationships outside the Middle East. Through diplomatic and political interactions, trade, military and security interactions, infrastructure and construction projects, and people-to-people interactions, China and Saudi Arabia have developed a relationship of dense interdependence that appears to be intensifying, as China's role in the Gulf and broader Middle East increases. This section examines these five features of Sino-Saudi interdependence with a focus on what they achieve for China in terms of meeting systemic objectives, unit-level objectives, or a combination of both.

Diplomatic and Political Interactions

Since establishing diplomatic relations in 1990, China and Saudi Arabia have had frequent and substantive diplomatic and political interactions in the forms of state visits, official visits, working visits, delegation visits, as well as formal meetings in organizations with shared memberships. These interactions set the parameters for other facets of interdependence: trade, infrastructure development, military and security relations, and people-to-people interactions. As such, they meet a wide range of political interests for both states, for both international and domestic areas of importance. Speaking of the importance Chinese leaders place upon good relations with Saudi Arabia, Premier Li Keqiang said, "It conforms to the fundamental interests of the two states to progress all-around cooperation in energy exploration, technology, service, business and policy exchanges, so as to realize win-win and common development."⁹⁰ The frequency of high-level state visits indicates the importance both Saudi Arabia and China place on this bilateral relationship.

While China pursued relations with Saudi Arabia aggressively during the transitional period, Saudi elites have been equally aggressive in developing the relationship since 1990. Alterman and Garver note that, "of all the Middle Eastern countries, Saudi Arabia has courted China most assiduously."⁹¹ Diversification of the energy market is certainly a part of this; as Prince Waleed bin Talal said during President Hu Jintao's state visit to Saudi Arabia in 2006, "China is a big consumer of oil. Saudi Arabia needs to open new channels beyond the West. So this is good for both of us."⁹² Beyond oil trade there is a common political concern, which Alterman and Garver describe as "opposition to Western and especially US insistence on global political norms. The CCP and the Saudi monarchy both feel threatened by such pressure."⁹³ China's principle of non-interference in other

⁹⁰ Olimat, *China and the Middle East*: 142.

⁹¹ Alterman and Garver, *The Vital Triangle*: 58.

⁹² Hassan M. Fattah, "Avoiding Political Talk, Saudis and Chinese Build Trade," *New York Times*, April 13, 2006. Accessed February 18, 2016 at http://www.nytimes.com/2006/04/23/world/asia/23saudi.html?pagewanted=print&_r=0

⁹³ Alterman and Garver, *The Vital Triangle*: 35.

states' domestic affairs represents a marked difference from USA pressure for political reform with its trade and alliance partners, which makes the PRC an attractive partner.

During the 1990s there were few high-profile political visits between China and Saudi Arabia. Premier Li Ping was the first high-ranking PRC official to visit Saudi Arabia, with a two-day visit in 1991 with the intention of increasing "the further advancement of the friendly and co-operative relations between the two countries," describing Saudi Arabia as "an important country in the Middle East and the Gulf region, and an important factor for regional peace and stability."⁹⁴ Crown Prince (and later King) Abdullah visited China in 1998 and met with President Jiang Zemin, and was at the time the highest-ranking Saudi official to travel to China on state business. In 1999, then governor of Riyadh and current king, Prince Salman, traveled to Beijing and met with several Chinese officials to discuss bilateral cooperation in urban infrastructure, real estate, and transportation.⁹⁵

The first Sino-Saudi state visit took place in 1999, when Jiang Zemin visited King Fahd in Riyadh, marking the first time a Chinese president had ever been to Saudi Arabia. Energy was the focus of the visit, and the two states signed a Strategic Oil Cooperation agreement, allowing Chinese companies access to invest in Saudi Arabia's domestic oil market, and Saudi Arabian companies to participate in China's downstream refining process. The immediate impact of this agreement was relatively insignificant; China's refineries were not equipped for the sour crude from Saudi Arabia. However, the long-term impact was more significant, as it met important objectives for each state. China needed a steady energy supply to fuel its domestic growth and Saudi Arabia needed to diversify its strategic energy relationships. Thus this agreement signalled the beginning of a deeper level of economic interdependence.

Between 2006 and 2009 there were three visits from heads of state, demonstrating the increased importance of the Sino-Saudi relationship. In January 2006, King Abdullah made China his first overseas destination as king. Five agreements were signed, further expanding cooperation in oil, natural gas

⁹⁴ Huwaidin, *China's Relations with Arabia*: 231.

⁹⁵ Ibid: 232.

and minerals, as well as trade and economic issues. Saudi Arabia also offered investment opportunities for Chinese firms in oil and gas, power generation, and railway construction, totalling \$624 billion.⁹⁶ Three months later President Hu Jintao reciprocated with a visit to Saudi Arabia. This came as the second state in a five-state visit, following a trip to Washington where he was not granted an official state visit. The contrast between his reception in Washington and Riyadh was remarkable; President Hu was given a lavish state visit, and became only the second visiting head of state to be invited to address the Saudi Shura, its consultative council. As with previous visits, energy was an important focus, but security issues were also on the agenda. China and Saudi Arabia signed a security agreement and a defense systems contract, although no details were made public in their joint communiqué.⁹⁷ The emergence of China as an important strategic relationship for Saudi Arabia was apparent, with both sides agreeing to “strengthen pragmatic cooperation and promote in-depth development of their strategic ties of friendship and cooperation.”⁹⁸ However, without an official security alliance, Saudi Arabia’s relationship with the USA remained singular, albeit tense. The perception of a less reliable relationship with the USA added a political dimension to the visit, with King Abdullah emphasizing the importance of an increased Chinese attention to Middle Eastern political issues. President Hu responded with a four-point proposal for enhanced Chinese-Saudi relations, beginning with support for each other “in their efforts to safeguard national sovereignty and territorial integrity and to continue strengthening mutual support and cooperation on international and regional affairs.”⁹⁹ Taking place during the USA’s occupation of Iraq with an American effort to promote democratic reform in the Middle East, China’s emphasis on sovereignty

⁹⁶ “King Abdullah Begins Asian Tour with Visit to China,” January 24, 2006. Accessed February 18, 2016 at

<https://www.saudiembassy.net/archive/2006/news/page879.aspx>

⁹⁷ Kim Ghattas, “Chinese Leader Ends Saudi Visit,” *BBC News*, April 24, 2006. Accessed February 18, 2016 at

http://news.bbc.co.uk/2/hi/middle_east/4938474.stm

⁹⁸ “President Hu’s Arab-African Visit Fruitful: FM,” *Xinhua*, April 30, 2006. Accessed February 18, 2016 at http://news.xinhuanet.com/english/2006-04/30/content_4492702.htm

⁹⁹ Alterman and Garver, *The Vital Triangle*: 35.

underscored a mutual Sino-Saudi hostility to American concepts of political universalism.

President Hu paid another state visit to Saudi Arabia in February 2009. Five cooperation deals were signed, again focusing on energy, but also on health, quarantine, transportation and culture. They also addressed the financial crisis, agreeing that they should “step up coordination, work more closely on trade and investment, jointly respond to and guard against financial risks, in a bid to ensure the two countries’ economic and financial stability.”¹⁰⁰ President Hu made a six-point proposal for the continued development of Sino-Saudi relations:

(a) maintain high-level visits and establish a high-level consultation mechanism; (b) take advantage of their resources and markets, promote an all-around energy partnership and expand two-way investment; (c) expand the scale of economic and trade cooperation and raise the level of cooperation. The Chinese government encourages more competent businesses of the country to participate in Saudi Arabia’s infrastructure construction and enhance cooperation on project contract and labour; (d) advance exchanges in the fields of education, sports and tourism and expand personal contacts; (e) strengthen communication and coordination in major international and regional issues and safeguard regional peace and stability; (f) enhance the cooperation between China and the GCC.¹⁰¹

Travelling with President Hu were more than 125 high-ranking Chinese officials and business leaders, which allowed for meetings and agreements on a wide range of issues. The most important deal signed was the contract for China Railway Construction Corporation Limited to build the Holy Shrines Metro, which became operational in 2011 and is used to transport hajj pilgrims to sites in and around Mecca. The logistics of millions of pilgrims travelling throughout the city had always been problematic in terms of safety and efficiency; the 2011 hajj was considered one of the more successful in memory.¹⁰² The visit also provided President Hu the opportunity to publicly thank King Abdulla for Saudi Arabia’s support after the 2008 earthquake. Saudi Arabia was the single largest donor to

¹⁰⁰ “Hu Meets Saudi King, Five Cooperation Deals Signed,” *Xinhua*, February 11, 2009. Accessed February 18, 2016 at http://www.china.org.cn/international/2009-02/11/content_17257009.htm

¹⁰¹ Naser Al-Tamimi, *China-Saudi Arabia Relations, 1990-2012: Marriage of Convenience or Strategic Alliance?* (London: Routledge, 2014): 75-76.

¹⁰² Olimat, *China and the Middle East*: 145.

China, with a cash donation of \$50 million and relief materials worth \$10 million. Ties had clearly expanded beyond energy trade.

The next major visit came in 2012 with Premier Wen Jiabao in Riyadh. In a statement, Wen said the trip “was aimed at seeking cooperation and strengthening friendship between the two countries.”¹⁰³ This specifically meant energy cooperation, as he requested that Saudi Arabia open its oil and gas industries to more Chinese investment. This resulted in two major energy deals: a \$100 billion program for China to help with Saudi Arabia’s civil nuclear energy sector, involving sixteen nuclear reactors, as well as an \$8.5 billion deal between Saudi Aramco and Sinopec to make the Yanbu oil refinery, which upon completion will produce 400,000 barrels per day. Fu Chenyu, the chairman of Sinopec Group said the project “propels the two companies’ strategic cooperation and contributes to enhancing the partnership between China and Saudi Arabia.”¹⁰⁴

Each visit from heads of state has resulted in significant agreements and deals that intensify Sino-Saudi interdependence, while addressing each state’s international and domestic political concerns. Bilateral political and diplomatic cooperation and interactions are also frequent throughout various levels of government.

Military and Security Cooperation

While there is little publicly available data on Sino-Saudi military and security cooperation, defense has been a significant element of the relationship from the beginning. As discussed above, the East Wind missile sale was instrumental in developing diplomatic relations, providing an opportunity for political and military leaders to develop relationships and establish a framework for official relations. From both sides, this was a reaction to systemic pressures, which continues to motivate contemporary military and security relations.

¹⁰³ “Chinese Premier Urges Greater China-Saudi Arabia Business Links,” *Xinhua*, January 15, 2012. Accessed February 18, 2016 at http://news.xinhuanet.com/english/china/2012-01/15/c_131361548_2.htm

¹⁰⁴ Hu Yinan, “Saudi Oil Refinery Deal Shows Close Ties,” *China Daily*, January 16, 2012. Accessed February 18, 2016, at http://usa.chinadaily.com.cn/epaper/2012-01/16/content_14453530.htm

Arms purchases, while infrequent and secretive, have been an important pillar of Sino-Saudi military and security interactions. Since the East Wind sale, Chinese arms sales have been relatively minor. It is a lucrative and competitive market; Saudi Arabia is the world's largest arms importer, and much of the contracts have been with USA, British, French and Russian suppliers.¹⁰⁵ In 2007 China North Industries Group Corporation signed a publicly announced contract to supply Saudi Arabia with fifty-four PL2-45 155/45 mm self-propelled howitzers, which can equip two artillery units.¹⁰⁶ More substantial, however, was a second ballistic missile sale in 2007 that remained unannounced until 2014. These missiles, Dong Feng 21, or CSS-5s, are an upgrade on the East Wind 3As purchased in 1988, with a shorter range but greater accuracy. This deal was supported by the USA government, when it was verified that they did not have the capacity to carry nuclear warheads.¹⁰⁷ Saudi officials confirmed the purchase, claiming they will be used to defend Mecca and Medina, and to "form a protective umbrella to defend Saudi Arabia's allies over the Persian Gulf."¹⁰⁸ A report from the US-China Economic and Security Review Commission claimed that, without nuclear capability, the missiles have little strategic impact on the Gulf's balance of power, with the implication being that the purchase indicates a closer level of defense cooperation between Saudi Arabia and China.¹⁰⁹ The USA remains the single largest arms provider for Saudi Arabia, as evident in its 2010 sale of eighty-four F-15s and upgrades for seventy of its existing fleet, a deal worth \$60 billion, the largest weapons sale in U.S. history. At the same time, Prince Bandar Al Saud reportedly said that the Saudis, "have told the U.S. that they were open to

¹⁰⁵ Alterman and Garver, *The Vital Triangle*: 147

¹⁰⁶ Ibid: 54.

¹⁰⁷ Jeff Stein, "CIA Helped Saudis in Secret Chinese Missile Deal," *Newsweek*, January 29, 2014. Accessed February 18, 2016 at <http://europa.newsweek.com/exclusive-cia-helped-saudis-secret-chinese-missile-deal-227283?rm=eu>

¹⁰⁸ <http://www.wantchinatimes.com/news-subclass-cnt.aspx?id=20140922000059&cid=1101>

¹⁰⁹ Ethan Meick, "China's Reported Ballistic Missile Sale to Saudi Arabia: Background and Potential Implications," *U.S.-China Economic and Security Review Commission Staff Report*, June 16, 2014. Accessed February 18, 2016 at http://origin.www.uscc.gov/sites/default/files/Research/Staff%20Report_China%27s%20Reported%20Ballistic%20Missile%20Sale%20to%20Saudi%20Arabia_0.pdf

alternatives, emphasizing that they look for good weapons at good prices,” which China is increasingly able to provide.¹¹⁰

While China has no physical military presence in Saudi Arabia, the People’s Liberation Army Navy’s (PLAN) ongoing Chinese Naval Escort Taskforce (CNET) in the Gulf of Aden and along Africa’s east coast has provided an opportunity to use Jeddah as a port of call for rest and replenishment stops and goodwill visits.

There is no scenario in which Saudi Arabia views China as a short- or near-term alternative to the USA as a security partner. The USA security architecture throughout the Gulf provides security for the GCC member states. At the same time, the Saudi-USA relationship has been strained since the September 11 2001 attacks, and worsened with the USA-led war in and occupation of Iraq, and then again after America’s Middle East policy seemed to shift during the Arab Spring. Saudi leadership perceives the USA as a less reliable regional actor, and China’s regional footprint is increasing exponentially. Its commercial interests in the region, the growing number of Chinese citizens living and working on the Arabian Peninsula, and the geostrategic importance of the region attached to China’s interests as evident in the One Belt, One Road initiative all indicate an increased security role for China in the region, which will certainly affect its relationship with Saudi Arabia.

People-to-People Exchanges

While cultural, educational, and religious interactions are often used by the PRC as an attempt to project a more positive national image, they meet a different objective in the case of Saudi Arabia. Educational and cultural interactions are relatively inconsequential, but Islam has been an important pillar between the two states. It provided an unofficial channel of communication before diplomatic relations as well as a means for China to improve its image among Muslim-

¹¹⁰ Ellen Knickmeyer, “Spy Chief Distances Saudis from U.S.,” *Wall Street Journal*, October 21, 2013. Accessed February 18, 2016 at <http://www.wsj.com/news/articles/SB10001424052702303902404579150011732240016>

dominant states. In its relations with Saudi Arabia, Islam is also a means of addressing unit-level pressures within China.

There is a domestic security element to Sino-Saudi Islamic relations. Hadad-Fonda claims that the PRC uses its relations with Muslim-dominated states “to reinforce its legitimacy in the eyes of its own Muslim population.”¹¹¹ With a large Muslim population of approximately 23,000,000, China’s leadership is concerned with Islamic extremist organizations as part of the “three ugly forces” of religious extremism, nationalist separatist movements, and terrorism.¹¹² With its central role in political Islam, Saudi Arabia is rightly perceived as an important state in attempting to halt the spread of extreme versions of political Islam in China. The PRC has earned a reputation for poor treatment of its Muslim minorities, yet recent years have seen a “more sophisticated policy” in which the PRC uses “a differentiated policy in treating Muslim minorities and the regions they live in.”¹¹³ Ningxia’s Hui, long recognized as a distinct ethnic group in China, have a relatively high degree of freedom in practicing their faith and regularly visit Saudi Arabia for hajj.¹¹⁴ Xinjiang’s Uighurs, on the other hand, have long-standing nationalist ambitions, which the CCP perceives as a threat to national unity and security, and face harsher restrictions on their religious practices. Located in China’s northwest, Xinjiang is considered geostrategically important to the PRC; it is China’s largest province, covering approximately one sixth of its territory, and borders Mongolia, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Afghanistan, Pakistan, and India. Its location makes it a crucial corridor for China’s Central Asian energy imports, and is also the site of its nuclear weapons and missile testing.¹¹⁵ With a Turkic ethnic majority, the Uighurs, China’s policy has been to resettle large numbers of Han Chinese into Xinjiang, to the point that the Han

¹¹¹ Kyle Hadad-Fonda, “Searching for Continuity in Sino-Arab Relations,” *Middle East Institute*, April 8, 2015. Accessed February 19, 2016 at <http://www.mei.edu/content/map/searching-continuity-sino-arab-relations>

¹¹² Al Tamimi, *China-Saudi Arabia Relations*: 89.

¹¹³ Ho Wai-Yip, “Mobilizing Muslim Minority, Targeting Arab Trade: China’s Ningxia as the Islamic Hub for China-Arab Connections,” in *Asia-Gulf Economic Relations in the 21st Century: The Local to Global Transformation*, eds. Tim Niblock and Monica Malik (Berlin: Gerlach Press, 2013): 211.

¹¹⁴ *Ibid*: 211.

¹¹⁵ Nathan and Scobell, *China’s Search for Security*: 204.

population, at approximately 8.2 million, nearly equals the Uighur population of 9.6 million.¹¹⁶ There is intense pressure to adopt a Chinese identity and assimilate to Chinese cultural practices, and the CCP has initiated “strike hard policies” to weaken Islam in Xinjiang, with government employees barred from attending mosques or fasting during Ramadan.¹¹⁷ Uighur architecture in Kashgar has been destroyed, and Uighur language instruction in schools and university in Xinjiang has been eliminated.¹¹⁸ Uighur resentment has escalated and since the 1980s there has been intensified separatist campaigns, as well as the use of terrorist methods, including assassinations and bombings. In the aftermath of September 11 2001, the PRC supported the USA’s intervention in Afghanistan, linking the war on terror to China’s own domestic stability. This marked the first time in the post-Cold War era that China condoned USA military strikes against another state.¹¹⁹ In return, the PRC received US support in getting the East Turkistan Islamic Movement recognized as a terrorist organization. Chinese repression in Xinjiang has intensified since 2007, with tensions especially high in 2008 leading up to the Beijing Olympics, when a police station in Kashgar was attacked with grenades, killing sixteen policemen and injuring sixteen others.¹²⁰ Riots and ethnic violence have continued with alarming frequency since then, and the PRC has responded with more intense religious repression. However, there has been no condemnation from Saudi Arabia, despite its leadership position in global Islam. One important reason is that Saudi elites have had their own domestic political

¹¹⁶ Ibid: 205.

¹¹⁷ Simon Denyer, “China Orders Muslim Shopkeepers to Sell Alcohol, Cigarettes, to ‘Weaken’ Islam,” *The Washington Post*, May 5, 2015. Accessed February 18, 2016 at

<https://www.washingtonpost.com/news/worldviews/wp/2015/05/05/china-orders-muslim-shopkeepers-to-sell-alcohol-cigarettes-to-weaken-islam/>

¹¹⁸ James A. Millward, “China’s Fruitless Repression of the Uighurs,” *New York Times*, September 28, 2014. Accessed February 18, 2016 at http://www.nytimes.com/2014/09/29/opinion/chinas-fruitless-repression-of-the-uighurs.html?_r=0

¹¹⁹ Nicholas Dynon, “China’s ‘War on Terror’ in Xinjiang,” *The Diplomat*, July 10, 2013. Accessed February 18, 2016 at <http://thediplomat.com/2013/07/chinas-war-on-terror-in-xinjiang/>

¹²⁰ Edward Wong and Keith Bradshaw, “China Orders Highest Alert for Olympics,” *New York Times*, August 4, 2008. Accessed February 18, 2016 at <http://www.nytimes.com/2008/08/04/sports/olympics/04china.html>

problems because of extremist versions of political Islam and therefore perceive it as a threat to domestic political stability. As the Saudi religious establishment is firmly aligned with the Al Saud family, no muftis within Saudi Arabia have issued a fatwa against China for its heavy-handed treatment of Muslims in Xinjiang.¹²¹ This can also be attributed to a greater understanding of Islam in China. Given the frequent Ningxia Hui delegations to Saudi Arabia, there is a realization that Chinese Muslims are not monolithic;¹²² many feel free to practice their faith despite an official Communist state ideology. The treatment of Uighur Muslims is perceived as a domestic political problem for China, much like the Salafist movement is in Saudi Arabia, and is therefore considered a domestic political concern. Also, the appreciation for China's non-interference policy in the domestic affairs of its trade partners is reciprocated by Saudi Arabia: "The silence from Muslim governments is grounded in growing economic relations but it is also bolstered by China's policy of non-intervention in the internal affairs of its trading partners."¹²³

Beyond Islam, there are few people-to-people interactions of significance between China and Saudi Arabia. There are small-scale educational exchanges, with approximately two hundred Chinese students and teachers at King Abdullah University of Science and Technology, and approximately another one hundred studying at universities in Mecca and Medina.¹²⁴ Very few Saudi students attend Chinese universities, with recent estimates at approximately 1500¹²⁵, compared with over 135,000 who study in American universities.¹²⁶ Cultural exchanges do not feature significantly between the two states.

¹²¹ Al Tamimi, *China-Saudi Arabia Relations*: 92.

¹²² Ibid: 90.

¹²³ Ibid: 92.

¹²⁴ "Chinese National Day: A Reliable Brother, Sincere Partner," *Saudi Gazette*, October 1, 2012.

¹²⁵ Hani Hazaimah, "China Endorses KSA's Counterterrorism Strategy," *Arab News*, April 3, 2015. Accessed February 19, 2016 at <http://www.arabnews.com/news/727141>

¹²⁶ "Rapid Rise of Saudi Students in America," *Arab News*, September 4, 2015. Accessed February 19, 2016 at <http://www.arabnews.com/saudi-arabia/news/801311>

Trade

In 1990, Sino-Saudi trade was valued at \$417 million. By 1991, having established diplomatic relations, it had increased substantially to a still modest \$525 million.¹²⁷ Trade through the early stages of interdependence was on a relatively small scale, with China exporting mostly food and textiles, and importing petrochemicals and fertilizers. By 1996, however, Saudi Arabia had become China's largest trade partner in the Gulf, a relationship that has grown exponentially. In 2000, China was Saudi Arabia's tenth largest export destination and seventh largest source of imports, and bilateral trade amounted to nearly \$3.1 billion. In 2010, it was Saudi Arabia's second largest import and export market, valued at \$43.23 billion, and by 2012 it was the largest import and export market at over \$73 billion.¹²⁸ This reflects the increase in international trade for China after joining the WTO, but also reflects deeper levels of commercial interdependence between China and Saudi Arabia.

Table 5.2 Sino-Saudi bilateral trade value, 2000-2012

Sino-Saudi Bilateral Trade, 2000-2012 (millions of U.S. dollars)			
	Value of Saudi Exports to China	Value of Chinese Exports to Saudi Arabia	Total Value of Bilateral Trade
2000	1,953.51	1,144.72	3098.23
2001	2,723.14	1,356.43	4079.57
2002	3,436.49	1,672.74	5109.23
2003	5,194.68	2,147.16	7341.84
2004	7,518.07	2,773.79	10291.86
2005	12,286.44	3,824.84	16111.28
2006	15,086.48	5,054.43	20140.91
2007	17,545.62	7,814.54	25360.16
2008	31,071.82	10,781.45	41853.27
2009	23,582.41	8,983.85	32568.26
2010	32,862.02	10,368.40	43230.42
2011	49,544.88	14,850.76	64369.64
2012	54,945.13	18,451.26	73396.39

(IMF, Direction of Trade by Country)

¹²⁷ Huwaidin, *China's Relations with Arabia*: 234.

¹²⁸ IMF, *Direction of Trade by Country: China*.

Saudi Arabian energy exports represent the bulk of this trade, with the trade imbalance consistently running in Saudi Arabia's favour. Saudi's exports to China are practically all based on energy and petrochemical products, providing sixteen percent of China's crude oil imports.¹²⁹ The energy trade relationship is very carefully managed on both sides, with Saudi Aramco having opened an office in Beijing, Aramco Asia, in order to facilitate joint venture coordination, investment opportunities, and project management.¹³⁰ The Saudi Aramco Chairman, Khalid Al-Falih, is a frequent visitor to China and says his firm is actively trying to expand the relationship, with research collaboration projects with Chinese firms and institutions, closer cooperation with Chinese oil companies, and an ambition to double Saudi Aramco's oil deliveries to China.¹³¹

For both sides, energy trade is crucial. Saudi Arabia's economy is heavily reliant on energy exports; efforts to diversify its economy beyond oil have not been effective. Given its rentier economy, energy exports to China play a significant role in the Saudi state's capacity to provide the many benefits that its citizens expect. For China, the relationship is no less important; the CCP's performance legitimacy requires constant economic growth and domestic development, which are reliant upon access to imported energy. While China remains a significant energy producer, its domestic consumption far outpaces production. Twenty percent of its energy use is oil, and of that sixteen percent comes from Saudi Arabia. China's oil production is projected to grow by sixteen percent by 2040, but its consumption will nearly double in the same time. Its relationships with oil producing states will continue to be important for China's economic growth, and as the world's largest producer, the relationship with Saudi

¹²⁹ U.S. Energy Information Administration, *China: International Energy Data and Analysis*. Accessed February 20, 2016 at https://www.eia.gov/beta/international/analysis_includes/countries_long/China/china.pdf

¹³⁰ Siraj Wahab, "Saudi Aramco Opens New Hub in China," *Arab News*, November 14, 2012. Accessed February 20, 2016 at <http://www.arabnews.com/saudi-aramco-opens-new-hub-china>

¹³¹ Hu Shuli, "Saudi Aramco's Al-Falih on China Collaboration," *Caixin*, April 22, 2015. Accessed February 20, 2016 at <http://english.caixin.com/2015-04-22/100802608.html>

Arabia will increase in importance. The energy trade therefore is a central pillar in maintaining domestic stability for both states.

Table 5.3 China's oil production and consumption projections

China's oil production and consumption, 2014 and projected (millions of barrels per day)		
	Production	Consumption
2014	4.6	10.7
2016	4.6	11.3
2020	5.1	13.1
2030	5.5	16.9
2040	5.7	20

(United States Energy Information Agency, International Energy Outlook 2014)

Infrastructure and Construction Projects

Another significant indication of China's increased interdependence with Saudi Arabia is the wide range of construction and infrastructure projects it is involved in, and the growth of Chinese investment in the kingdom. The Heritage Foundation, a US think tank, has collected data on Chinese projects within the GCC and estimates that between 2005-2014, China signed \$30 billion in contracts, responsible for 8 percent of its global total.¹³² Using the UAE as a hub, Chinese firms have been winning high-profile projects throughout the peninsula, earning billions of dollars while rebranding China from a cheap retail products manufacturer to a provider of quality infrastructure projects. Saudi Arabia has been home to many of the most important of these projects.

In 2007 China and Saudi Arabia signed a Memorandum of Understanding that allowed Chinese construction firms to tender for projects directly, whereas before they could only act as subcontractors. This greatly expanded their bilateral cooperation in engineering. Saudi Arabia has become the most important regional partner for Chinese construction firms since then. At the same time, the rapid

¹³²"GCC Trade and Investment Flows," *The Economist Intelligence Unit*, 2014. Accessed February 21, 2016 at <http://www.economistinsights.com/sites/default/files/GCC%20Trade%20and%20investment%20flows.pdf>

development throughout the GCC has created opportunities for China across the peninsula, making it a highly profitable region for Chinese firms.

In Saudi Arabia, more than 140 Chinese companies are operating on projects worth an estimated \$18 billion, in sectors as varied as construction, telecommunications, infrastructure, and petrochemicals.¹³³ In one of the most high profile cases, the China Railway Construction Corporation helped build the \$1.8 billion railway to help transport pilgrims performing the hajj, a project that has symbolic significance given how important its custodianship of Mecca and Medina is to Saudi leadership. The PRC also took it as “clear evidence of the high trust in Chinese companies in terms of technology and their capability.”¹³⁴ Another important project was a power plant 150 km north of Jeddah by the Power Corporation of China. It is the largest power plant in the Middle East, and the first one built by China; usually American, Japanese, or European firms won the bids for these contracts. The Shandong Electric Power Construction Corporation won a contract to expand capacity for a main gas pipeline across Saudi Arabia, important in developing parts of the state’s western region. Another high profile project was signed when Premier Wen Jiabao visited Saudi Arabia in 2012, an \$8.5 billion venture between Saudi Aramco and Sinopec to build the Yanbu refinery, with a capacity to produce 400,000 barrels per day, on the coast of the Red Sea.¹³⁵

These infrastructure and construction projects are important for the domestic economic growth and development of both states. For China they meet international objectives as well, in that the high-profile nature of many of these projects and the massive infrastructure project spending throughout the Arabian Peninsula can be used by Chinese firms to win other regional contracts. It is also

¹³³ Li Chengwen, “China Marching Ahead with Full Confidence,” *Arab News*, October 1 2013. Accessed March 18, 2016 at <http://www.arabnews.com/news/466320>

¹³⁴ Abdul Hanan Tago, “China Eager to Strengthen Saudi Ties, Says Envoy,” *Arab News*, October 30, 2012. Accessed March 18, 2016 at <http://www.arabnews.com/china-eager-strengthen-saudi-ties-says-envoy>

¹³⁵ “New Saudi-Sinopec Yanbu Refinery on Track for 400,000 BPD in Q3,” *Al Arabiya*, January 30, 2014. Accessed March 20, 2016 at <http://english.alarabiya.net/en/business/energy/2014/01/30/New-Saudi-Sinopec-Yanbu-refinery-on-track-for-400-000-bpd-in-Q3.html>

a component of the One Belt, One Road strategy to create infrastructure from China to the Mediterranean, linking China to international markets. Therefore, Chinese firms' involvement in Saudi Arabia meet both international and domestic objectives.

Conclusion: Explaining Change in Sino-Saudi Relations

Slow to start, the Sino-Saudi relationship has become China's most important in the Middle East, and one of its most important outside of East Asia. Similarly, it has become one of Saudi Arabia's most important relationships outside of the Middle East. Given the trajectory of relations during Mao's leadership, current levels of interdependence would have been difficult to foresee. This case study has mapped the evolution of this bilateral relationship, explaining how this change developed, and in the process, provided a dynamic model of understanding China's deepening engagement with Saudi Arabia. This model emphasizes the necessity of incorporating both international and domestic political considerations in analyzing the international political decisions that bring China and Saudi Arabia closer together, which makes neoclassical realism a useful theoretical approach.

In the early years of the PRC, the lack of relations between the two states can be largely attributed to systemic pressures, as they were aligned with opposing powers in the bipolar Cold War system. Domestic considerations played a role, albeit less decisive, as Saudi leadership had a negative perception of China due to its communist ideology and its perceived hostility toward Islam, and Chinese leadership saw the Saudi state as a colonial legacy. These negative perceptions contributed to the lack of state-to-state interactions during the period of indifference. Systemic pressures again played a more significant role in the period of hostility, as China's leadership moved away from the Soviet Union and adopted a revolutionary foreign policy that challenged the Persian Gulf status quo.

The transition period began with systemic considerations, as the PRC interpreted a changing Gulf as a Soviet gain, and therefore believed that the regional status quo was more beneficial to Chinese interests. Rapprochement with the USA also was a systemic consideration in this shift, as was the nascent

diplomatic relations with Iran and Kuwait. Taken together, these developments indicate a more balanced Chinese understanding of the Gulf's political environment. Saudi leaders were also focused largely on systemic pressures within the Gulf. The exit of the United Kingdom altered the Gulf's security environment, and created a potential theatre for Soviet ambitions in the region. China, as a communist state that had demonstrated revolutionary ambitions for the Gulf, was perceived by Saudi leaders as a threat as dangerous as the Soviet Union. With the death of Mao and the resulting shift in China under Deng, domestic considerations came to feature more prominently in China's relations with Saudi Arabia, as the economic reforms needed to consolidate domestic political support for the CCP required a more positive engagement with other states. As these reforms within China deepened there was a corresponding commitment to playing a more active role in the international order, signalling to the Saudi leadership that the PRC could be a reliable regional actor.

It is with the establishment of diplomatic relations in 1990 and the corresponding period of interdependence that the nexus of systemic and domestic considerations fully comes into play, indicating a more complex relationship that meets a wide range of interests for both states. The relationship is multifaceted, with dense interdependence across each of the five analyzed sets of interactions to a more consistent overall degree than either the UAE or Oman. Political and diplomatic interactions take place more frequently and with a much greater number of official visits from heads of states. This is not surprising, given Saudi's leadership role in the GCC and in the Middle East. As such, there are a greater number of issue areas for Chinese leaders to coordinate with Saudi leaders. In terms of trade, Saudi Arabia is the largest source of energy imports for China, making it a crucial state for Chinese economic growth and development. China's position as Saudi Arabia's largest trading partner adds weight to the relationship. The role of Islam in people-to-people interactions provides Chinese leadership with an important tool for dealing with religious extremism. The large presence of Chinese firms in Saudi Arabian infrastructure and construction projects generates tremendous revenue for China's state-owned enterprises, and the high profile nature of many of these projects helps these firms build a stronger regional presence within other Gulf states. Finally, the Saudi frustration with America's

regional policy provides China with an opportunity to build on the other elements of their relations to add a security dynamic to the relationship, although China's current capabilities dictate a modest initial role should this develop.

Over the last three decades, both domestic and systemic pressures have combined to move China and Saudi Arabia closer together. This will only intensify, as China's One Belt, One Road initiative further deepens China's footprint in the Gulf given its geopolitical advantage as a hub linking China to Africa, the Middle East, and Europe. Saudi Arabia's leadership role in the Middle East, global Islam, and energy markets demonstrates the importance it plays in China's management of international political pressures. The economic gains from trade with Saudi Arabia as well as China's need for stable and steady energy imports make it a crucial factor in alleviating domestic political pressures. This combination of systemic and domestic pressures indicates that Sino-Saudi interdependence will continue to intensify.

Chapter Six: China's Relations with Oman

Introduction

The People's Republic of China and Oman share a peculiar history, with China having actively supported a regional insurgency to overthrow Oman's centuries-long ruling dynasty in an attempt to destabilize the Arabian Peninsula and export its revolution, before coming to appreciate the international benefits that a stable Gulf provided. Despite this troubling chapter in Sino-Omani relations, leaders on both sides came to perceive that stronger bilateral relations would meet a range of domestic and international political concerns, and pragmatically developed a relationship defined by interdependence that has intensified in recent years.

This chapter begins with an analysis of the systemic and unit-level pressures that influence Omani international relations. While China is a rising power with a growing presence in the Gulf, Oman's close relations with the USA indicate that the Sino-Omani relationship plays a marginal role in terms of Oman's approach to systemic political concerns, other than to provide Oman with a partnership with a powerful state with an interest in maintaining a stable security environment for Oman. In terms of unit-level pressures, China plays a much more important role as Oman's most important trade partner, providing a steady source of revenue from energy exports crucial in funding the government services and employment that underpin its rentier state.

The next sections of this chapter examine the Sino-Oman relationship over four periods: indifference (1949-1964), hostility (1965-1971), transition (1971-1990), and interdependence (1990-2012). It argues that during the first two periods, China's relations with Oman can be understood largely as a reaction to systemic pressures of the bipolar Cold War international environment. This calculus continued to influence China's approach to Oman through the transition

period as well, but unit-level pressures within China began to play a larger role after Deng Xiaoping initiated the Era of Reform in 1978, with the PRC's need to modernize its economy through international trade. This nexus of international and domestic pressures continues to drive Sino-Omani relations during the period of interdependence, which is analyzed through five features of the relationship: diplomatic and political interactions, trade, military and security cooperation, infrastructure and construction projects, and people-to-people interactions. These features of Sino-Omani interdependence indicate a multifaceted relationship that is largely being driven by energy trade and military cooperation.

Oman: Systemic Pressures

Oman occupies the southern territory of the Strait of Hormuz as well as much of the Indian Ocean coastline of the Arabian Peninsula. As such, it has tremendous strategic importance. The Strait of Hormuz is the world's most important chokepoint in terms of oil shipping lanes, with seventeen million barrels per day passing through its narrow passage in 2011, accounting for approximately thirty-five percent of seaborne traded oil and approximately twenty percent of globally traded oil.¹ The northern territory along the Strait is held by Iran, which in the past has threatened to blockade the Strait in response to international political pressure. This makes Oman's access to the Indian Ocean important, as GCC members have built pipelines to ports along Oman's Indian Ocean coast in order to bypass the Strait and access international markets should Iran prevent passage.

Given this importance, Oman takes an independent and interest-based approach to dealing with its neighbors. It has long enjoyed stable relations with Iran, calling for an increased political role in the Gulf that befits Iran's historically important regional role and its military strength. Oman is physically the furthest GCC state from Iraq, and when other GCC states offered support to Iraq in its war against Iran, Oman quietly did not. As a GCC state it has tended to seek to

¹ U.S. Energy Information Administration, *Strait of Hormuz is Chokepoint for 20% of World's Oil*, 2012. Accessed February 29, 2016 at <https://www.eia.gov/todayinenergy/detail.cfm?id=7830>

collaborate with its fellow members but has also proven willing to forge an independent path, as is evident from Oman's refusal to endorse a Saudi plan to move the GCC toward a formal union, perceiving it as an unnecessary provocation to Iran.²

Oman follows a pragmatic approach to foreign policy that is based on a set of guiding principles:

- The development and maintenance of good relations with all of Oman's neighbors
- an outward-looking and internationalist outlook, as befits Oman's geographic location and longstanding maritime traditions
- a pragmatic approach to bilateral relations, emphasizing underlying geostrategic realities rather than temporary ideological positions
- the search for security and stability through cooperation and peace, rather than conflict³

In their study of Omani diplomacy, Jones and Rideout find that Oman's practice of foreign policy is consistent with these principles, finding a diplomatic practice characterized by "1) a tendency to focus on enduring geopolitical considerations; 2) to abstain from ideological or sectarian conflict; 3) to work toward achieving consensus; 4) to emphasize tolerance for the customs and practices of foreigners."⁴ Kechichian, in his landmark survey of Oman's foreign policy, states that Oman has followed specific foreign policy principles under Sultan Qaboos: "nonintervention in the affairs of other countries, respect for international law, strengthening relations with other Arab countries, and following a nonaligned policy."⁵

This pragmatic approach to foreign policy is indicative of a clear analysis of the security environment in which Omani statecraft is practiced. Traditional security considerations provide "the singular theme that runs through its major

² Dhalia Kholaf, "Oman: No Gulf-Wide Union for Us," *Al Jazeera*, December 15, 2013. Accessed February 29, 2016 at <http://www.aljazeera.com/indepth/features/2013/12/oman-no-gulf-wide-union-us-2013121571431541941.html>

³ Sultanate of Oman Ministry of Foreign Affairs, *Foreign Policy*. Accessed February 29, 2016 at <https://www.mofa.gov.om/?p=796&lang=en>

⁴ Jeremy Jones and Nicholas Rideout, *Oman: Culture and Diplomacy* (Edinburgh: Edinburgh University Press, 2012): 3-4.

⁵ Joseph A. Kechichian, *Oman and the World: The Emergence of an Independent Foreign Policy* (Santa Monica: The RAND Corporation, 1995): 9.

initiatives in the era of Qaboos. The current emphasis on self-reliance, regional balancing, and the support of a major role for the US in the region while remaining at the fringes of great power politics points to a deeply rooted fear of internal and external instability.”⁶ External instability has usually been understood as coming from its immediate environment, the Gulf, rather than the broader Middle East or from actors outside the region. With larger and more powerful neighboring states in Iran, Iraq and Saudi Arabia, Oman’s foreign policy is a response to a traditionally volatile region.⁷ Presently, the traditional threats present less of a concern to Oman. Cooperation with Saudi Arabia in the GCC provides a stable and secure relationship between them. Iraq has been neutralized as a threat, although its domestic instability could translate into problems for other states throughout the region. In terms of its relationship with Iran, Oman has fewer concerns than other GCC members. With a long history of trade and cooperation and shared interests in jointly managing the Strait of Hormuz, Oman and Iran have a strong relationship. With a small Shia population, Oman is less worried about sectarian ideological challenge from Iran than other Gulf states. Therefore, Oman faces no direct systemic threats to its security, which is unique among GCC member states.

Like other GCC states, Oman has a long tradition of strategic partnerships with external actors in providing security. The UK played this role directly from 1798, when the two states established treaty relations, until 1971, when the UK left the Gulf. The end of British dominance in the Gulf led to a period of corresponding increased American influence, and this is reflected in the Omani-American relationship. The two states share a long relationship, evident in a Treaty of Commerce signed in 1833 and upgraded to a Treaty of Amity, Economic Relations and Consular Rights in 1985. In 1972 the USA opened its first embassy in Muscat and Oman followed with one in Washington DC in 1973. Through the 1970s, however, the relationship was relatively modest, as Oman’s government under Qaboos underwent what Kechichian has described as a consolidation period (1971-1975) and then a transition period (1976-1980). Throughout these

⁶ Majid Al-Khalili, *Oman’s Foreign Policy: Foundation and Practice*, (Santa Barbara: Praeger Security International, 2009): 129.

⁷ Marc O’Reilly, “Omanibalancing: Oman Confronts an Uncertain Future” *Middle East Journal*, 52:1 (1998): 78.

years, the USA left the management of the Gulf in the hands of Saudi Arabia and Iran under the Twin Pillars policy, and the Gulf monarchies were occupied with state development and solving immediate regional problems. The series of regional problems set in motion in 1979 (as discussed in detail in chapter 4) led to a larger regional role for the USA, which was formalized with the Carter Doctrine.

For Oman, this created an opportunity for deeper interdependence with the USA. Sultan Qaboos had envisioned a larger role for the USA in Gulf security and through his foreign policy initiatives laid the groundwork to make this happen. Oman was the only Arab state to support Egypt in establishing ties with Israel, which gave Oman an enhanced international reputation and the appreciation of the USA, but at the cost of Arab hostility. More significant, Oman and the USA signed a Facilities Access Agreement in 1980, which gave the USA use and access to Oman's military facilities at Salalah, Thumrayt, Masirah Island, Mutrah, Seeb, and Khassab. At the time of signing, this was the first and only such agreement between the USA and an Arab state. The timing of the agreement was not by chance; the day after signing, the USA used Oman's Masirah Island base in an attempt to rescue hostages held at the American embassy in Tehran.

The Facilities Access Agreement has been a crucial element in the relationship between Oman and the USA. It has been renewed in 1985, 1990, 2000, and 2010. It is seen to be mutually beneficial, although some Omani officials have come to view it as a potential problem, as many throughout the Gulf are angered by such a visible American presence.⁸ However, as part of the agreement, the USA has paid for the modernization and upgrading of facilities, and has made a formal pledge of support in the event that another state attacks Oman. Between 1981 and 1987, the USA spent US\$260.7 million in construction costs for Omani facilities.⁹ While negotiating the renewal in 2000, the US agreed to fund further upgrades at a cost of US\$120 million.¹⁰ Since signing the Facilities Access

⁸ Kenneth Katzman, "Oman: Reform, Security, and U.S. Policy," *Congressional Research Service* (2013): 10.

⁹ Francis Owtram, *A Modern History of Oman: Formation of the State Since 1920*. (London: I.B. Tauris, 2004): 148.

¹⁰ Katzman, "Oman: Reform, Security, and U.S. Policy": 9.

Agreement, Oman has hosted the USA during each of its regional military operations, and has moved from British to American military hardware, technical support and training.

The Omani-USA relationship has remained fundamentally strong, as both sides see it as crucial to their interests. For the USA, Oman's strategic position on the peninsula makes it a 'critical country.'¹¹ At the same time, its forward-thinking foreign policy and activist regional diplomacy make Oman a reliable partner, as evidenced when it secretly hosted talks between the USA and Iran in 2013. For Oman, the USA has been its "key strategic ally outside the Middle East" since the end of the Cold War.¹² There is no reason to see this relationship weakening in the near future.

In terms of China's role in helping Oman manage systemic pressures, there is no credible likelihood of Oman maneuvering away from the USA and pivoting to China. The Omani-American relationship is strategically important for both states, and there is no evidence that China sees itself as a replacement for the American security role in Oman or elsewhere in the Gulf. Rather, it should be understood as another source of international political stability as China's regional interests increasingly come to rely on a stable Oman, as will be discussed later in this chapter.

Oman: Unit-Level Pressures

For the Omani government, unit-level pressures are based on its rentier economic model and the subsequently oversized role of the state in the economic life of its citizens. Unlike Saudi Arabia, Kuwait, and Bahrain, the Sunni-Shia sectarian divide is not a source of domestic tension; Oman is the only majority Ibadhi state in the world. Unlike the other five GCC states, transnational ideological challenges, such as that coming from the Muslim Brotherhood or radical political Islam, are less prevalent. Rather, the Omani government, with fewer energy reserves than all GCC members except Bahrain, views an economy heavily reliant upon energy export revenue as the largest domestic challenge

¹¹ Kechichian, *Oman and the World*: 139.

¹² Jones and Rideout, *Oman: Culture and Diplomacy*: 211.

facing its political elite. Given this economic condition, commercial relations with China are essential for maintaining domestic political stability in Oman.

A recent political history of Oman describes it as “the Qaboos state.”¹³ To a much greater degree than other current Gulf monarchs, Omanis have come to identify their leader as an essential feature of their state. This can largely be attributed to the significant transformation of Oman under his rule, especially in comparison with that of his predecessor and father, Sultan Said. Under Said, Oman had yet to embark on a modern state-building program, distracted by domestic insurgencies, reliant upon Britain for the few state-funded services it could provide, and absent a role in the global economy. Qaboos had lived in the UK from 1958 to 1966, graduating from Sandhurst before serving with the Cameroonians for a year, and had traveled widely before returning to Oman. The lack of development in Oman led Qaboos to express dissatisfaction with his father’s leadership, a view that was quietly supported by the British advisors working for the Omani government.¹⁴ In 1970 the Sultan’s Armed Forces executed a coup, and Qaboos assumed leadership.

Qaboos took advantage of the energy export revenues that had begun to enter Oman in the late 1960s to embark upon a program of state building and modernization based on a rentier model. Oil revenue was used to build infrastructure, a modern state apparatus, and provide state services and employment. Omani society had traditionally been based on ethnic or tribal alliances. Rentierism in Oman meant that society became reliant upon patronage of the state, to the point that “not only is every Omani dependent on the state for his own subsistence, but any alternative to the Sultan has no credibility.”¹⁵ Qaboos is therefore linked inextricably to the development of Oman, and he enjoys a high level of legitimacy.

Under his rule, there have been few challenges to the government, yet three incidents indicate problems with the rentier model. In 1994, between 200 and 400 Omanis were arrested for sedition, with hundreds more taken in for

¹³ Marc Valeri, *Oman: Politics and Society in the Qaboos State*. (Oxford: Oxford University Press, 2009).

¹⁴ Calvin H. Allen and W. Lynn Rigsbee, *Oman Under Qaboos: From Coup to Constitution, 1970-1996*. (London: Frank Cass, 2000): 28-29.

¹⁵ Valeri, *Oman: Politics and Society*: 252.

questioning.¹⁶ Those charged expressed dissatisfaction with the government, calling for more representation from non-royal family members or the merchant elite class.¹⁷ In 2005, a group of over seventy highly educated Omanis was arrested for allegedly attempting to overthrow the state. All of the accused were from the majority Ibadhi sect and most had graduate or post-graduate degrees. Valeri argues that religious militancy, commonly used to discredit political challenges in the Gulf, was not a motivating factor, but instead attributed it to political concerns: “growing sectors of society, particularly among the young educated generation, have been reluctant to guarantee the perpetuation of a system in which they feel excluded from political and economic decisions that determine the future of their country.”¹⁸ In both cases, relatively small groups wanting a more active political role in the state challenged the rentier system, but the small number of participants indicated that many were either satisfied with the existing political system or reluctant to face the consequences of challenging it. The Omani Arab Spring experience, while not as widely reported as in other Arab states, reflected the potential political costs of economic pressures inherent in the rentier system.

Oman’s Arab Spring experience started on January 17, 2011, three days after Tunisian President Zine Ben Ali fled to Saudi Arabia. This protest, rather modest given what was happening elsewhere in the region, consisted of approximately 200 people gathering to protest rising food prices and corruption. Small-scale protests like this continued over the next two weeks; teachers demonstrated against increased contributions to their pension fund while water and utility costs increased, and also called for more frequent promotions and performance-based bonuses. Perhaps because of the popular support for Sultan Qaboos’ leadership, the government’s reaction to these initial rounds of protests lacked urgency. Meanwhile, social media and text messages were being used to organize larger-scale demonstrations, which in Oman took the form of Green

¹⁶ Peterson puts the number between 300 and 400. J.E. Peterson, “Oman: Three and a Half Decades of Change and Development,” *Middle East Policy* 11:2 (2004): 134. Allen and Rigsbee say it was “up to 200 individuals”. Allen and Rigsbee, *Oman Under Qaboos*: 67.

¹⁷ Allen and Rigsbee, *Oman Under Qaboos*: 61.

¹⁸ Valeri, *Oman: Politics and Society*: 157.

Marches, the first of which took place on February 8. Three days later, Hosni Mubarak resigned as president in Egypt, and on February 14 protests in Bahrain reached a critical point; with this, demonstrations in Oman escalated. On February 23 a second Green March occurred, and protests delivered a petition to the *diwan*, or government council, of the Royal Court. Noteworthy is the fact that as they marched, many carried banners expressing loyalty to Sultan Qaboos.¹⁹ The protests, which had been limited mostly to Muscat, began to spread throughout the country over the next three days. Dhofar and Sohar both saw significant demonstrations, with tensions in Sohar escalating to the point of violence; government buildings were lit on fire and the police fired rubber bullets at the crowd, killing at least one. The army was brought in to Sohar to clear protest sites, while elsewhere in Oman protests remained peaceful. There were counter-protests to demonstrate loyalty to Sultan Qaboos, as seen in Muscat when 2000 men gathered in support at a mosque. Protests in Salalah continued into May, but at this point events had largely run their course.

While Oman's experience during the initial wave of the Arab Spring did not lead to a dramatic conclusion, the demands of protestors did draw attention to the underlying tensions in Oman. Demands for jobs and unemployment benefits highlight the pressing concern of the youth bulge and the dilemmas of how to put these young people to work. Like all GCC states, the Omani population is very young, with a median age of 25.1²⁰, and inherent in the rentier system is the expectation that citizens receive public sector jobs with a wide range of benefits provided and access to government services. This presents a long-term pressure on the Omani government to meet these expectations.

Because these economic tensions affect Oman politically, the role of China is important in dealing with this unit-level pressure. China is by far Oman's largest trading partner. In 2012, Oman exported over \$17 billion to China; its second largest export destination, Japan, accounted for just under \$5 billion. Its imports from China were valued at \$1.4 billion, making a trade surplus of nearly \$16 billion

¹⁹ James Worrall, "Oman: The 'Forgotten Corner of the Arab Spring,'" *Middle East Policy*, 19:3 (2012): 99.

²⁰ Central Intelligence Agency, *The World Factbook: Median Age 2015 Estimate*. Accessed February 29, 2016 at <https://www.cia.gov/library/publications/the-world-factbook/fields/2177.html>

in favor of Oman.²¹ In 2014, forty-three percent of Oman's exports were directed to China.²² Much of this trade is in crude oil, of which eighty-four percent of Oman's government revenue is based.²³ However, while Oman clearly depends upon exports to China, the relationship is not completely one-sided, as Oman is responsible for ten percent of China's crude oil imports.²⁴ Bilateral trade is therefore important for both states. For Oman's continued economic development and political stability, the commercial relationship with China is crucial.

China-Oman Relations: The pre-PRC historical legacy

Oman can claim a much longer relationship with China than any other society on the Arabian Peninsula. Chinese porcelain pots dating back to the third millennium BCE have been found in Oman, indicating that Chinese products had made their way to the Middle East and that Oman would have been the point of contact.²⁵ Chinese knowledge of Oman has been traced as far back as Ban Chao's expeditions beyond China's western frontier in the 1st century CE.²⁶ Beginning in the 5th century CE and continuing until the Ming Dynasty isolated itself from global trade in the 15th century CE, there had been roughly 1000 years of consistent interactions between China and Oman. Chinese merchants had begun visiting Oman in the 5th century CE, and Omani merchants were trading in Guangzhou in

²¹ International Monetary Fund, *Direction of Trade by Country: Oman*. Accessed February 29, 2016 at <http://data.imf.org/?sk=253a4049-e94d-4228-b99d-561553731322&sid=1390030323199>

²² Central Intelligence Agency, *The World Factbook: Oman*. Accessed February 29, 2016 at <https://www.cia.gov/library/publications/the-world-factbook/geos/mu.html>

²³ Ibid.

²⁴ U.S. Energy Information Administration, *China: International Energy Data and Analysis*. Accessed February 29, 2016 at https://www.eia.gov/beta/international/analysis_includes/countries_long/China/china.pdf

²⁵ Geoffrey Kemp, *The East Moves West: India, China, and Asia's Growing Presence in the Middle East*. (Washington: Brookings Institution Press, 2010): 85.

²⁶ Harris, *China Considers the Middle East*: 11-12.

the 5th century as well.²⁷ Under the Abbasid Empire in Baghdad, international trade was encouraged, and the route to China was well known, with descriptions from around 850 CE giving a detailed description of how Omani merchants traveled to Guangzhou.²⁸ Bilateral trade was active from 8th to 16th centuries, first under Muslim control, then Portuguese. Chinese merchant ships had learned to make use of the monsoon seasons to facilitate navigation across the Indian Ocean to Dhofar, where they traded silk, tea, porcelain, gold and silver for ivory, pearls, agate, Arab spices, and frankincense.²⁹ Bilateral trade was profitable for both, encouraging Omanis to invest in China to strengthen their relations, helping to establish the Huaisheng Mosque and the Qinghing Mosque in Guangzhou.³⁰ In the 15th century, Abdallah 'the Omani' headed a trade mission to Guangzhou, and eventually travelled to the capital where he paid tribute to the Emperor. Chinese travelers continued to visit Oman; admiral Zheng He visited Dhofar three times during his voyages in the early Ming Dynasty. The contemporary governments of both states have made much of this historical relationship, with constant references to their shared past as partners in the Silk Road in joint communiqués and a jointly funded statue of Zheng He standing in Salalah. Thus the PRC and Oman can legitimately draw upon centuries of interactions when describing their relationship.

Indifference (1949 – 1965)

In spite of this long shared history, there was little in the way of importance attached to bilateral relations by leaders from either state from the founding of the PRC until the mid-1960s. This was largely in response to the bipolar international system, with China and Oman aligned with different sides. Oman was in an uncharacteristic period of relative isolation under Sultan Said, with the UK managing its international relations and providing material support in combating a religious insurgency.

²⁷ Abdullah Al Saadi, "The Origins of Omani-China Friendship: A Historical Overview," *Journal of Middle Eastern and Islamic Studies* 6:2 (2012): 87-89.

²⁸ Kechichian, *Oman and the World*: 185-186.

²⁹ Al Saadi, "The Origins of Omani-China Friendship": 95-96.

³⁰ Kechichian, *Oman and the World*: 187.

When PRC leadership considered Oman during this period – which was infrequently – it was through the same colonial legacy lens with which it viewed the other Gulf monarchies. Reliant upon the UK, Oman was also perceived as a ‘reactionary monarchy’ and a ‘puppet’.³¹ PRC leaders consistently linked Sultan Said’s rule with British oppression and imperialism; in his study on China and Oman between 1955-1975, Behbehani stated, “China has never denounced any other Arab head of state over such a long period and with such intensity.”³² Concerning the religious insurrection in the mid-1950s, Chinese state media reported, “We Chinese, who sympathize (with) and support all struggles against colonialism, pledge our firm support to the heroic Arabs who are fighting against British enslavement and plunder in Oman.”³³ Oman, with long historical ties to the UK, was perceived as too deeply aligned with the West in its foreign policy orientation for the PRC to make inroads. The PRC thus had little in the way of interactions with Oman until 1957, when, from its embassy in Cairo, Chinese officials offered aid to Imam Ghalib, who led the aforementioned religious rebellion from 1955-1957. Reluctant to take support from a communist state, the Imam declined.³⁴ Otherwise, the PRC and Oman had no direct interactions during this period.

Hostility (1965-1971)

The period of hostility can also be attributed to systemic political pressures, as China’s perceptions of its relationship with the Soviet Union led to a more assertive revolutionary foreign policy. The PRC, looking to enhance its influence above that of the USSR and to lead Third World revolutionary movements, saw an opportunity in Oman. In the mid-1960s, the Omani state under Sultan Said was facing another domestic challenge, this one from the Dhofari Liberation Front (DLF) in Oman’s Dhofar province. The DLF was a nationalist revolutionary movement during a time in Arab politics when

³¹ Huwaidin, *China’s Relations with Arabia*: 102-103.

³² Behbehani, *China’s Foreign Policy in the Arab World*: 165.

³³ Shichor, *The Middle East in China’s Foreign Policy*: 75.

³⁴ Behbehani, *China’s Foreign Policy in the Arab World*: 165.

monarchies looked especially vulnerable. Pan-Arabism was at its peak, and under the leadership of Egypt's President Nassr, Egypt and Syria formed the United Arab Republic with devotion "to the cause of unity, to terminating the privileged position of oil-rich monarchies ... and to a wider distribution and more constructive use of Arab oil revenues."³⁵ While Oman at this time could not be described as an 'oil-rich monarchy,' Said's hold on power was diminished both internationally and domestically. His government lacked access to the resources needed for reform and was reliant upon Britain for the few services the state was capable of providing. Furthermore, he was perceived, perhaps unfairly, as the cause for Oman's stasis.³⁶ Incapable of the centralization of state power and challenged by a group with the goal of replacing his centuries-old dynastic monarchy, the role of the UK in maintaining his rule grew, further undermining his legitimacy. This in turn fed into Chinese leaders' misperceptions of the nature of the insurgency.

As discussed in the Saudi Arabia case study, the PRC's presence in the Middle East decreased significantly in the early 1960s, and one consequence was a corresponding decrease in the sophistication of their analysis of regional politics. This was especially so in the case of Oman, where Chinese analysis led them to interpret the DLF as an anti-colonial struggle against an imperial power attempting to seize Omani oil reserves rather than a regional struggle against a deeply unpopular leader.³⁷ In this reading of events in Oman, PRC leadership saw an opportunity to export their revolution, using Oman as an entry point into the rest of the region: "the excellent situation of the victorious developing armed struggle of the Dhofar people is bound to promote and inspire the development of the national liberation struggle of the people of the entire Arabian Gulf region."³⁸ That the DLF was formally established as a revolutionary organization in 1964,

³⁵ Kerr, *The Arab Cold War*: 20.

³⁶ Allen and Rigsbee's analysis of Oman under Sultan Said is sympathetic to his efforts to develop the state in a challenging period. Rather than a clean break from Said to Qaboos, they see the beginning of Oman's modernization beginning under Said, claiming, "The new dawn that Omanis proclaim as coming with Qaboos had actually broken several years before with the first export of oil from Mina al-Fahal." Allen and Rigsbee, *Oman Under Qaboos*: 216.

³⁷ Shichor, *The Middle East in China's Foreign Policy*: 75.

³⁸ Harris, *China Considers the Middle East*: 158.

just before the beginning of the Cultural Revolution, was another important factor in drawing the PRC into Oman, as China's revolutionary foreign policy orientation was beginning to take hold. Shichor states that, "It was during the Cultural Revolution ... that China began to encourage the DLF, and later the PFLOAG, more systematically."³⁹ Thus, support for the DLF had its roots in the domestic environment of the early stages of the Cultural Revolution.

At the same time, support for the DLF has to be interpreted as a response to international political concerns, especially China's changing relationship with the Soviet Union. Working with the DLF provided the PRC with a geopolitical and ideological victory over the Soviet Union, giving China a presence in a region where the Soviets had not gained any traction. In fact, that the DLF had not received any support from the USSR was an important factor contributing to the PRC's decision to support them; Behbehani claims that, "the Chinese asked and were 'highly concerned' with whether the DLF sought political and military support from the USSR. The DLF response was negative and the Chinese offered them aid."⁴⁰ Garver also states that Chinese support was offered upon the condition that the DLF refuse to accept Soviet aid.⁴¹ Thus the PRC leadership's motivation for getting involved with the DLF can be attributed to a combination of its revolutionary foreign policy, a misinterpretation of the nature of the conflict in Oman, and its orientation away from the Soviet Union in the Cold War system.

While China provided material, economic, and ideological support, there is no record of People's Liberation Army troops or military advisors fighting in or visiting Dhofar. However, the material and financial support were significant in building and enhancing the DLF, and later the PFLOAG's, military capabilities.⁴² It was also significant as the first source of international support for the movement. A delegation from the DLF, including members from their organizing council and political and military committees, was invited to Beijing in 1967, when they received their first pledges for aid. This included light armaments, \$35,000 to pay freight and expenses of the weapons, and Maoist and Marxist literature.⁴³ In 1968

³⁹ Shichor, *The Middle East in China's Foreign Policy*: 154.

⁴⁰ Behbehani, *China's Foreign Policy in the Arab World*: 49.

⁴¹ Garver, *China and Iran*: 49.

⁴² Ibid: 49.

⁴³ Behbehani, *China's Foreign Policy in the Arab World*: 176.

the DLF held the Himrin Congress, in which they regrouped as the PFLOAG and adopted an expanded agenda with resolutions including the use of organized revolutionary violence to affect political change, the nationalization of resources, and a revolutionary strategy that moved beyond Dhofar to include the entire 'occupied' Arab Gulf.⁴⁴ Two Chinese citizens attended this congress, one a CCP official and the other a journalist who wrote reports for the Chinese press about the political situation of Dhofaris. These accounts referred to the Maoist literature supplied in 1967, claiming that the PFLOAG had acquired 'Mao Zedong thought' and that it had a 'pro-Chinese attitude'.⁴⁵ Another Dhofari delegation visited Beijing in late 1968 and received a higher-level reception, meeting with Zhou Enlai and Defense Ministry officials, and was promised an increase in military aid, including anti-aircraft missiles, explosives, and machine guns.⁴⁶ More delegations followed, receiving technical and military training. At this point, the PFLOAG "was almost completely dependent on Chinese aid."⁴⁷

However, China's approach to international politics was beginning to transition from a revolutionary to a more pragmatic foreign policy. As discussed in the Saudi Arabia case study, Chinese leaders had come to see the USSR rather than the USA as their primary security threat. The Soviet presence in the northern Gulf in Iraq was stronger than the PRC's in the southern peninsula; a destabilized Arabian Peninsula could have had the unintended consequence of Soviet regional gains. This gave value to the regional status quo, and established leaders of states offered a more stable regional environment than revolutionary movements. Another international development that factored in the PRC leadership's newfound appreciation for a stable Gulf was the British exit from the region, which could have potentially created a power vacuum that the USSR could occupy; efforts to destabilize the Arab Gulf monarchies could have the unintended and undesirable consequences of Soviet gains. Therefore, much of the motivation to end their support for the PFLOAG was the result of systemic logic.

⁴⁴ 'Occupied' here refers to Oman, Bahrain, Qatar, and the emirates that eventually became the United Arab Emirates, described as such because of Britain's role in their governance. Kuwait was not included, as it became independent in 1961.

⁴⁵ Behbehani, *China's Foreign Policy in the Arab World*: 178.

⁴⁶ Ibid: 178.

⁴⁷ Ibid: 178.

Transition (1971-1990)

The transition period began with a logic based on systemic pressures, as discussed in the Saudi Arabia case study. However, the domestic situation in China came to play a larger role in China's international relations, as the leadership transition from Mao to Deng initiated a recalibration of Chinese foreign policy based on the need to modernize and reform its economy. Therefore, from the Chinese side, this transition period can be explained by a combination of both systemic and unit-level political pressures that influenced policy. Oman was undergoing its own transition in the early 1970s, as Sultan Said's long rule finally came to an end in 1970, deposed in a coup led by senior officers of the Sultan's Armed Forces and replaced by his son Qaboos, the current sultan. This coup took place shortly after Oman started to generate oil revenue, creating a source of income that would finally allow for the expansion of state capacity to develop. Given the timing, the beginning of Sultan Qaboos' reign is often described in Oman as the beginning of the Omani *nahda*, or renaissance. Increased state power meant transformational social and economic development, as a society long based on tribal alliances now fell under the protection and patronage of the state. A stronger state also meant greater military spending, which Sultan Qaboos used, along with military support from Britain and Iran, to weaken and ultimately defeat the PFLOAG.

This transition in Oman's domestic politics coincided with the PRC's transition to a pragmatic rather than revolutionary foreign policy and helped create the conditions for what has become a dense level of interdependence between them. The formal departure of Britain from Oman and the Gulf ended the PRC leadership's belief of a puppet reactionary regime dependent on imperial masters. Another important consideration for PRC leadership was the involvement of Kuwaiti and Iranian support for the Omani government against the PFLOAG. Kuwait was sending Oman economic aid and Iran offered military support. Both established diplomatic relations with the PRC in 1971, and both used this relationship to pressure PRC leaders to end their support for the PFLOAG. Both Kuwait and Iran held significant geostrategic importance for the PRC; Iran and China share borders with Russia and both considered the Soviet

Union a threat to their interests. Kuwait borders Iraq, which was aligned with the USSR and was considered a stepping-stone for a larger Soviet presence in the Gulf. For systemic political interests, therefore, China's relationships with Kuwait and Iran were more important to the PRC than that with the PFLOAG. Within two years of Sultan Qaboos assuming control of the state and a year of establishing diplomatic relations with Kuwait and Iran, the PRC had terminated all support for the PFLOAG. A contributing factor was the negative assessment of the PFLOAG's ability to achieve its goals, especially in the face of a stronger Omani military.⁴⁸ However, the most significant factor was the fear of a stronger regional presence for the Soviet Union. Systemic calculations were clearly driving the PRC's change in approach to Gulf politics.

In terms of its relations with Oman, China's return to a more pragmatic, interest-driven foreign policy meant a serious effort to establish itself as a reliable regional actor. After terminating support for the PFLOAG, the PRC supported the status quo in the Gulf. Omani leaders also saw the Soviet Union as a threat to the region, and while wary of the PRC given their recent past, they saw China as a potentially useful ally against the USSR. This ability to objectively assess Oman's interests in a volatile international political environment is a trademark of Omani foreign policy under Sultan Qaboos, who is perceived in the Middle East as an independent regional actor and an able strategist.⁴⁹ Among Arab Gulf leaders in the 1970s, views of the PRC were understandably shaped by its recent revolutionary agenda for the region, and China was "considered more of a nuisance than a power to be taken seriously" and its "revolutionary agenda threatening and its commercial value negligible."⁵⁰ Taiwan, firmly in the status quo camp and with deep ties to the USA, multiple high-profile regional construction contracts, and large quantities of Gulf energy imports, was perceived as a more reliable Chinese partner for the Gulf.⁵¹ Omani leadership, however, saw in the PRC a state that shared its concerns about Soviet intentions in the Gulf, and

⁴⁸ Calabrese, *China's Changing Relations*: 76.

⁴⁹ Kenneth Katzman, "Oman: Reform, Security and U.S. Policy," *Congressional Research Service*, February 5, 2016: 13. Accessed February 29, 2016 at <https://www.fas.org/sgp/crs/mideast/RS21534.pdf>

⁵⁰ Kechichian, *Oman and the World*: 191.

⁵¹ Wang, "Competing for Friendship": 66-68.

saw China as a hedge against Soviet expansion.⁵² In 1978, Oman extended diplomatic recognition to the PRC, a development that Shichor called, “probably the most striking example of the transformation in China’s position in the Middle East.”⁵³ A joint communiqué announcing the establishment of diplomatic relations was released, stating:

The Government of the People’s Republic of China firmly supports the Government of the Sultanate of Oman in its just cause of safeguarding national independence and developing the national economy. The Government of the Sultanate of Oman recognizes the Government of the People’s Republic of China as the sole legal government representing the entire Chinese people. The two Governments have agreed to develop friendly relations and cooperation between the two countries on the basis of the principles of mutual respect for state sovereignty and territorial integrity, mutual non-aggression, non-interference in each other’s internal affairs, equality and mutual benefit, and peaceful coexistence.⁵⁴

The establishment of diplomatic relations between the PRC and Oman met objectives for the perceived interests of both states. For the PRC, it provided an opportunity to rehabilitate its regional reputation and establish China as a responsible actor in a region that it considered strategically crucial in curbing Soviet power and influence. It also created an opportunity to strengthen ties with other Arab Gulf monarchies. It also denied Taiwan a diplomatic partner, meeting an important domestic objective for PRC leadership. For Omani leaders, relations with the PRC were perceived as a means to ease international pressures, especially the threat emanating from the Soviet Union.

Diplomatic recognition for China began to pay dividends for Oman and Gulf security relatively quickly. Kechichian notes that “China became, almost overnight, the champion of stability in the Persian Gulf.”⁵⁵ Deft Omani statecraft deserves much credit, as its officials used every exchange with Chinese representatives to attempt to bring the PRC closer to the side of the Gulf monarchs on key security issues. In 1982, for example, government representatives from Oman and the PRC held their first substantive meetings since the normalization of

⁵² Huwaidin, *China’s Relations with Arabia*: 205.

⁵³ Shichor, *The Middle East in China’s Foreign Policy*: 177.

⁵⁴ Huwaidin, *China’s Relations with Arabia*: 203.

⁵⁵ Kechichian, *Oman and the World*: 191.

relations, and Oman's Deputy Prime Minister, Sayyid Fahar, used the opportunity to allay concerns that the Arabian monarchs had about China's involvement in the Iran-Iraq war as a supplier of weapons to both sides. Arms sales provided China with economic gains, but cost it in terms of its reputation among Gulf Arab leaders who saw the war as a clear threat to the security of their own states. Additionally, potential closure of the Straits of Hormuz also created a potential economic and security threat for the global economy. Fahar explained the Gulf Arab perception of the PRC's pursuit of short-term regional gains, and convinced Chinese officials that a reevaluation of their weapons sales in the Gulf could lead to an improved long-term position in the Gulf. Fahar linked a more nuanced Chinese policy with improved relations with other GCC states, promising to seek support for establishing full diplomatic relations for the PRC with the governments of Bahrain, Qatar, Saudi Arabia, and the United Arab Emirates. There is much to indicate that Omani efforts to influence China throughout the Iran-Iraq war created favorable conditions for GCC member states, with China acknowledged by one Omani MOFA official as "a country that exercised a great deal of influence in the Persian Gulf region."⁵⁶ This is reinforced by the visit Chinese President Yang Shangkun paid to Oman in 1989, when he was "fully briefed on the GCC states' decision to establish a comprehensive settlement of the dispute between Iraq and Iran ... a significant recognition given the role played by Beijing in the conflict."⁵⁷

This visit to Oman in 1989 was part of a larger Middle East visit made by President Yang in the wake of the Tiananmen Square massacre. The PRC's international reputation was seriously damaged, and many western states had imposed sanctions. Visiting friendly states in the Middle East, many of which have human rights problems of their own, gave China the opportunity to be seen as a welcome and respected guest in other countries. Oman did not disappoint; when President Yang visited Muscat, he was received "with a highly-visible public welcome with thousands of Omanis lining city streets waving Chinese and Omani flags."⁵⁸ Sultan Qaboos received Yang, thanking him for China's support for UN Security Council's Resolution 598, which ended the Iran-Iraq war.

⁵⁶ Ibid: 195.

⁵⁷ Ibid: 196.

⁵⁸ Huwaidin, *China's Relations with Arabia*: 208.

Throughout the 1980s, trade relations demonstrated minimal economic gains, as China began to export to Oman. In 1976, Oman imported \$5.85 million worth of Chinese products, and exported almost nothing, as Oman had little to offer China economically at this point. In 1983 China began importing Omani crude oil, but the arrangement was viewed only as a short-term solution for the problem of transporting China's domestic crude from northern China to its refineries along the Yangtze River.⁵⁹ Oman's geographic situation was the most important factor as it was the only Gulf monarchy with the capacity to ship directly from the Indian Ocean, rather than passing the Strait of Hormuz and into the Gulf.⁶⁰ By 1986, Chinese exports were a still insignificant \$10 million, accounting for only 3% of China's total trade relations with states of the Gulf.⁶¹ Trade was lopsided through the 1980s, as Chinese exports to Oman continuously outweighed Oman's to China. This would change in the 1990s, as the period of interdependence began to intensify Sino-Omani trade relations.

For China, establishing diplomatic relations with Oman was a central pillar to expanding its presence in the Gulf. Shared interests between the two states created the conditions where China's support for the PFLOAG could be left in the past, and this in turn provided the PRC with the opportunity to demonstrate to other Gulf leaders that it could play a positive role in providing regional stability. After establishing relations with Oman, other Gulf leaders could see the benefits of a relationship with China, and soon followed. Throughout the 1980s, China established diplomatic relations with the UAE (1984), Qatar (1988), and Bahrain (1989). When Saudi Arabia ended relations with Taiwan in 1990 and officially recognized China, the period of interdependence with China and the GCC began to intensify.

⁵⁹ Ghafouri, "China's Policy in the Persian Gulf": 80-81.

⁶⁰ Davidson, *The Persian Gulf and Pacific Asia*: 12.

⁶¹ Huwaidin, *China's Relations with Arabia*: 209.

Interdependence (1990-2012)

The period of interdependence is marked by both systemic and unit-level logic for China. The end of the bipolar system and the collapse of the Soviet Union changed the systemic calculus, as Chinese leadership was no longer concerned with Russian influence in the Gulf. Having accepted the status quo under the American security umbrella, China used the stability this provided to further develop its regional presence. In terms of unit-level interests, the 1990s saw Sino-Omani relations intensify across a range of political and commercial interactions, with Omani energy exports to China playing a large role in China's domestic development. This has continued to the present, with interdependence between China and Oman serving China's domestic political stability through trade, especially energy trade. It also is important in China's international political interests, as Oman's geostrategic location links China to other GCC markets and is an important part of the PLAN's power projection along the East coast of Africa. This section examines the features of Sino-Omani interdependence, concluding that frequent political interactions between the two states are used primarily to enhance the commercial and military elements of their relationship. People-to-people interactions and infrastructure and construction projects are of little importance in the relationship.

Diplomatic and Political Interactions

Beginning with the establishment of diplomatic relations, both sides have made a series of frequent visits in the fields of diplomacy, trade, and military relations. The nature of these visits has reflected the international environment of the time. Thus in the 1980s when the war between Iran and Iraq preoccupied Oman's foreign policy and security concerns, there were several official visits from high-ranking military officials. In the 1990s, when oil trade began to take on a more significant role, trade and energy officials met frequently, as did senior executives from state-owned energy companies.⁶² As exports to China came to

⁶² Huwaidin: 208-210.

represent a significant portion of Oman's export income, the relationship has intensified, and in recent years meetings have become more frequent and have covered a wider range of issues. However, unlike Saudi Arabia and the UAE, there have been no visits beyond the ministerial level since President Yang's trip to Oman in 1989. While every Chinese President and Premier has visited the Arabian Peninsula since Jiang Zemin, none have been to Oman. Likewise, Sultan Qaboos has yet to make a state visit to China. At the ministerial level, only Foreign Minister Li Zhaoxing in 2004 and Minister of Defense Liang Guanglie in 2008 have visited Oman. In contrast, Oman has sent several ministers to China, indicating perhaps the greater importance attached to the relationship from the Omani side.

Table 6.1 Omani ministerial visits to China

Year	Minister
1986	Minister of Foreign Affairs Alawi
1994	Chairman of the Majlis Al Shura Gadhabi
1996	Minister of Foreign Affairs Alawi
1999	Minister of Health Musai
2001	Minister of Oil and Gas Rumhi
2002	Minister of Commerce and Industry Maqbool
2003	Minister of Foreign Affairs Alawi
2004	Minister of Foreign Affairs Alawi Minster of National Economy Macki
2005	Deputy Prime Minister Fahd
2006	Minister of Tourism Rajiha
2007	Minister of Commerce and Industry Maqbool Minster of National Economy Macki
2010	Minister of Foreign Affairs Alawi Minister of Commerce and Industry Maqbool Minister of Higher Education Rawiyah Minister of Regional Municipalities and Water Resources Rowas Minister of Defense Badr

(Embassy of the People's Republic of China in the Sultanate of Oman)

A Chinese delegation led by Jia Qinglin, at the time the CCP's 4th ranked official, was received by Sultan Qaboos in 2010 and agreements were signed between the two governments on two-way investments and personnel training. Jia listed several areas where the PRC wanted to deepen ties with Oman, including trade, energy, infrastructure, fishing, education, culture and the arts, as well as cooperative approaches to ensuring peace and stability in the Gulf region. During this visit, China and Oman signed four documents concerning cooperation in

economic, trade, and cultural sectors.⁶³ Also in 2010, Oman's Minister of Foreign Affairs, Yousef Bin Awali paid a visit to China, and the chairman of the State Council of Oman, Sayyid Busaidi, attended the World Expo in Shanghai, making an appearance for Oman's National Pavilion Day. Vice Premier Zhang Gaoli, member of the Politbureau Standing Committee, visited Muscat in 2011 and met with Sultan Qaboos. In 2012, a delegation from the National People's Congress (NPC) and lead by vice chairman of the NPC Standing Committee Han Qide, visited Muscat, meeting with Omani officials to discuss bilateral relations and regional politics. The two countries have an ongoing annual strategic consultation meeting to discuss international and regional security concerns.

Military and Security Cooperation

For China, energy imports are crucial for domestic development, economic growth, and political stability, and much of these imports are crossing the Indian Ocean from the Gulf and Africa. In order to protect these vital interests, it is increasing its naval capacity in the Indian Ocean, with what has been called a "string of pearls" strategy, using ports in cooperative states. The PLAN deputy political commissar, Yao Wenhui, stated in 2007 that this reliance on energy transported from overseas required a stronger navy capable with a 'Far Sea Defense' (*yuanhai gangwei*) policy:

Particularly for oil and other key strategic supplies, our dependence on sea transport is very great, and ensuring the security of strategic seaways is extremely important. We must fully recognize the actual requirements of protecting our country's developmental interests at sea, fully recognize the security threats our country faces at sea, and fully recognize the special status and utility of our navy in preparing for military conflict.⁶⁴

China has thus invested in construction and upgrading of commercial and naval bases in Myanmar and also building roads, pipelines and waterways that will link

⁶³ "China, Oman Vow to Enhance Cooperation, Friendship," *Xinhua*, November 8, 2010. Accessed February 26, 2016 at

http://news.xinhuanet.com/english2010/china/2010-11/08/c_13597013.htm

⁶⁴ Andrew B. Kennedy, "China's New Energy-Security Debate," *Survival*, 52(3) (2010): 142.

Myanmar's coastline to Yunnan province. It is building a container facility in Bangladesh, a fueling station in Sri Lanka, and developing two major ports in Pakistan: one in Pasni, and in Gwadar, one with a naval base and a listening post. These two ports are joined by a Chinese-constructed highway, and the Gwadar port will be connected to Kashgar in China's Xinjiang province by rail and highway links.⁶⁵ Gwadar, which is located at the mouth of the Hormuz Strait, was an Omani territory until it was sold to Pakistan in 1958. Oman has been an important partner in China's string of pearls strategy with its port in Salalah a frequently visited port of call for Chinese People's Liberation Army Navy (PLAN) for rest and replenishment.⁶⁶

As China expands its reach across the Indian Ocean, Oman has come to provide a crucial geostrategic role in China's naval projection capabilities. In 2008, the United Nations called on member states to combat piracy in the Gulf of Aden and in the waters off the coast of Somalia. China complied, in what appeared to be a willingness to take a larger international leadership role as well as to establish its blue water credentials. China also has significant trade interests along east Africa, and participation both protected those interests and demonstrated reliability to its trade partners. In December 2008, the Chinese PLAN deployed outside of East Asia for the first time since Zheng He's 15th century expeditions, sending an escort flotilla, the first of eighteen to date. Over this time, it has been relying on Oman's port in Salalah for comprehensive replenishment and rehabilitation, docking in Salalah more than any other port by ships deployed to the Gulf of Aden.⁶⁷ In 2009, the Zhousan missile frigate docked in Salalah for rest and refueling, marking the first time that the PLAN had officially entered GCC waters.⁶⁸ In December 2011, two warships docked in Muscat's Port Sultan Qaboos for a five-day goodwill visit. In January 2013, the commander of Oman's Royal Navy, Rear Admiral Abdullah Al-Raisi, paid an official visit to Beijing and met with several PRC officials, including Admiral Wu Shenli, Commander in Chief of the

⁶⁵ Robert Kaplan, "Center Stage for the Twenty-First Century: Power Plays in the Indian Ocean," *Foreign Affairs*, 88:2 (2009): 22.

⁶⁶ Daniel J. Kostecka, "Places and Bases: The Chinese Navy's Emerging Support Network in the Indian Ocean," *Naval War College Review*, 64:1 (2011): 65-67.

⁶⁷ Ibid: 65.

⁶⁸ Davidson, *The Persian Gulf and Pacific Asia*: 75.

PLAN. Al-Raisi expressed that “the Omani side attaches great importance to its relations with the Chinese side and will spare no effort to support and help the PLA Navy in carrying out escort operations.”⁶⁹ He then met with Liang Guanglie, Minister of National Defense, who stressed strong bilateral relations evidenced by frequent high-level reciprocal visits, extensive trade, and military relations based on personnel exchanges and constant reciprocal visits.⁷⁰

On the Chinese side, the military relationship with Oman provides access to a port of call in a strategically crucial region where China has extensive energy and trade interests. As such, it meets both international and domestic political concerns. For Oman, it strengthens its relationship with its most important trade partner and an emerging global power.

People-to-People Exchanges

Unlike the cases of Saudi Arabia and the UAE, Sino-Omani people-to-people interactions in cultural, educational and religious spheres do not play a significant role in bilateral relations. Whereas Saudi Arabia’s central role in international Islam adds an important dimension to the Sino-Saudi relationship, and the UAE and China have established educational and tourism links, China and Oman have done relatively little in these fields. In 2007 the Sultan Qaboos Chair of Arabic Language Studies was established at Peking University, and in 2008 Muscat was the only Arab city to host the Beijing Olympic Torch relay. An Omani-Chinese Friendship Association was formed in 2010 with the goal of strengthening relations in social, cultural and scientific fields, but other than meeting with visiting Chinese officials and delegations, the association’s impact in increasing Sino-Omani relations is minimal.⁷¹

⁶⁹ “Liang Guanglie Meets with Omani Navy Commander,” *People’s Daily*, January 23, 2013. Accessed February 26, 2016 at <http://en.people.cn/90786/8103515.html>

⁷⁰ Ibid.

⁷¹ Amal Hasson, “Oman, China Launch Friendship Association,” *Oman News Agency*, November 8, 2010.

Trade

While commercial relations between China and Oman were relatively insignificant through the 1980s, energy trade in the 1990s transformed the trade relationship. In 1993 China became for the first time a net oil importer and imported Omani crude became increasingly important, beginning a trade pattern described as 'goods against oil'. Oman imported Chinese manufactured products, and China imported Omani oil, which, unlike that from other GCC states, was compatible with China's existing refineries. While China began the process of upgrading its refineries to accommodate crude oil from other Gulf countries, it was able to immediately refine that from Oman, and as a result, Oman quickly became a very important source of energy for China. By 1995, China's total market value with Oman totaled \$3.256 billion, making it the largest trade partner for China in the Gulf.⁷² In 1997 China began importing Omani liquefied natural gas (LNG), further enhancing Oman's importance to Chinese energy security.

Trade between the two has continued to increase uninterrupted at a very high rate. China currently accounts for forty-three percent of Oman's exports and six percent of its imports, making China Oman's largest trade partner⁷³, while Oman is China's fourth largest trade partner in the Middle East.⁷⁴ Volume of bilateral trade has been tremendous, growing from \$3.2 billion in 2000, to \$4.46 billion in 2005, to \$18.6 billion in 2012.⁷⁵ Omani energy products to China make up the majority of the trade, at nearly ninety percent of total Omani exports to China.⁷⁶ In its attempt to diversify beyond an energy dominant economy, Oman is relying on trade with China to provide it with the heavy machinery and

⁷² Huwaidin, *China's Relations with Arabia*: 212.

⁷³ CIA, *The World Factbook*: Oman.

⁷⁴ Gulam Ali Khan, "Oman-China Trade Volumes at \$23 Billion in 2013," *Muscat Daily*, March 4, 2014. Accessed February 29, 2016 at <http://www.muscatdaily.com/Archive/Business/Oman-China-bilateral-trade-volumes-at-23bn-in-2013-2zbi>

⁷⁵ International Monetary Fund, *Direction of Trade by Country: Oman*. Accessed February 29, 2016 at <http://data.imf.org/?sk=253a4049-e94d-4228-b99d-561553731322&sid=1390030323199>

⁷⁶ Muhammad Zulfikar Rakhmat, "Exploring the China and Oman Relationship," *The Diplomat*, May 10, 2014. Accessed February 29, 2016 at <http://thediplomat.com/2014/05/exploring-the-china-and-oman-relationship/>

construction equipment, both of which are needed for the infrastructure projects that Oman's many development projects require. Still, energy is the bulk of its international trade and China is by far its largest export destination, making China a very important country for Oman.

Table 6.2 Sino-Omani bilateral trade value, 2000-2012

Sino-Omani Bilateral Trade, 2000-2012 (millions of U.S. dollars)			
	Value of Omani Exports to China	Value of Chinese Exports to Oman	Total Value of Bilateral Trade
2000	3,114.64	94.62	3,209.26
2001	1,245.57	97.07	1,342.64
2002	1,345.42	96.45	1,441.87
2003	2,184.78	159.26	2,344.14
2004	3,678.57	149.54	3,828.11
2005	4,253.13	212.79	4,465.92
2006	5,675.04	368.4	6,043.44
2007	6,543.14	476.96	7,020.10
2008	11,131.13	1,048.21	12,179.34
2009	4,832.59	856.65	5,689.24
2010	9,263.55	957.06	10,220.61
2011	14,192.93	1,094.36	15,287.29
2012	17,186.14	1404.79	18,590.93

(IMF, Direction of Trade by Country)

With an average of 382,800 barrels of Omani oil per day going to China in 2013, Oman is also an important trade partner for China.⁷⁷ That Omani crude is compatible with China's existing refining capabilities means that Chinese refining facilities do not have to devote resources to upgrading its refineries. However, unlike Saudi Arabia and the UAE, Oman's importance for China beyond energy is minimal. While there are more than 4200 Chinese companies in the UAE, there are only 40 Chinese companies operating in Oman. Oman's power and infrastructure development is attractive for Chinese companies looking to invest or establish joint ventures, but unlike with Saudi Arabia, Chinese firms have made little headway in Omani infrastructure construction. Trade relations between the two countries remain important for both, but the importance for China is in the

⁷⁷ U.S. Energy Information Administration China, *International Energy Data and Analysis*. Accessed February 29, 2016 at https://www.eia.gov/beta/international/analysis_includes/countries_long/China/china.pdf

volume of energy it imports from Oman, while for Oman it is the tremendous trade imbalance that runs in Oman's favor.

Infrastructure and Construction Projects

Like all GCC states, Oman is in the process of significant infrastructure development, with over \$50 billion of major construction and infrastructure projects planned up to 2030. Of this, \$20 billion is earmarked for transportation projects, including new roads, ports, railway, and airports.⁷⁸ While Chinese firms have not made significant inroads into Omani construction, China expects to benefit from improvements in Oman's transportation infrastructure. Its Indian Ocean coastline gives Oman a natural competitive advantage as a logistical hub for the Arabian Peninsula, linking it directly to larger Saudi and Emirati markets. However, infrastructure and construction projects do not figure into Sino-Omani relations to any significant degree yet.

Conclusion: Explaining Change in Sino-Omani Relations

In 1971, China was actively supporting a separatist rebellion in Oman. By 1978 the two states had established diplomatic relations. This case study has explained the conditions that led to this change. The periods of indifference and hostility were both largely driven by systemic factors. Indifference was a result of a Cold War bipolar system in which both states were aligned with competing powers, as well as the physical distance between the two and a relative paucity of areas in which their interests either aligned or conflicted. The period of hostility came about as China's relations with the Soviet Union worsened, leading Chinese strategic calculations under Mao to adopt a revolutionary foreign policy, and Oman's government was a direct target of this. The transition from hostility to interdependence was due to the PRC leadership's reappraisal of international pressures facing China. Their increased threat perception from the Soviet Union

⁷⁸ "Oman: Projects Pledge," *Gulf Construction*, February 1 2016. Accessed February 26, 2016 at http://www.gulfconstructiononline.com/news/1620233_Projects--pledge.html

drew China to rapprochement with the USA. In terms of China's relations with Oman, this repositioning of China in the Sino-Soviet-USA triangle led to a Chinese acceptance of the Western-led status quo in the Gulf, as the threat of weakened Arab Gulf monarchies was perceived as a Soviet regional gain. This was further enhanced with the realization that the United Kingdom would not play the role of an off-shore balancer in the Gulf after its formal departure in 1971. Finally, the threat of losing its nascent regional diplomatic gains in the form of official relations with Iran and Kuwait was perceived as too great a cost for the ongoing material support for the PFLOAG. Each of these factors therefore contributed to China seeking a more constructive relationship with the Omani government.

In the period since, however, the benefits of Sino-Omani interdependence moved beyond a predominantly systemic calculus, as both states derive significant domestic gains from their commercial relationship. These material benefits demonstrate the importance of unit-level variables in explaining Sino-Omani interdependence, and therefore also demonstrate the weakness of a purely structural analysis. It is only at the intersection of systemic and unit-level pressures that this interdependence can be explained sufficiently, which informs this thesis's use of neoclassical realism as a theoretical approach.

The current state of Sino-Omani relations indicates that this interdependence will intensify as it continues to provide international and domestic political benefits. While the trade imbalance indicates an over-reliance on China for Oman, the nature of the trade emphasizes its importance for China. Energy exports from Oman represent ten percent of China's crude oil, which is significant in contributing to the domestic development and consumption that fuels Chinese economic growth and in turn, supports internal political stability. At the same time, Oman's geostrategic importance adds weight to the relationship. Omani ports have already become important for the PLAN in its CNET mission, and with the recently announced construction of a Chinese naval base in Djibouti, Oman's importance as a transit point will increase. This also will intensify as China begins to realize its One Belt, One Road initiative; Oman's ports in Sohar and Salalah will link it to other points on the Maritime Silk Road. While other elements of interdependence – people-to-people interactions and construction and infrastructure projects – play a marginal role in Sino-Omani relations, the

significance of the commercial and security dynamics ensure that bilateral interdependence will continue to grow, with structural imperatives taking a larger role in China's strategic calculus and domestic ones driving Oman's.

Chapter Seven: China's Relations with the United Arab Emirates

Introduction

In a speech delivered in late 2015, the UAE's Minister of Foreign Affairs Sheikh Abdullah Bin Zayed Al Nahyan said,

The UAE, as a vital political, economic and cultural hub between East and West, and the gateway to the Middle East, considers its relations with China to be crucial in bringing about stability and development in our region and beyond.¹

The same week, his brother, Crown Prince Mohammed Bin Zayed Al Nahyan, travelled to Beijing for a three-day state visit, during which several bilateral agreements were signed across a range of sectors, including energy, trade, space cooperation, higher education, and clean energy.² This visit is the most recent of many, as Sino-Emirati relations have come to be a regular feature of each state's foreign policy and interdependence between the two has increased dramatically. Bilateral trade grows annually, from approximately \$2.5 billion in 2000 to nearly \$55 billion in 2014.³ However, it is the UAE's role as a regional hub that strengthens the relationship, with infrastructure, finance services, transport and communication, as well as a business-friendly environment, as Chinese companies are setting up regional offices in the UAE to service contracts throughout the Arabian Peninsula and Middle East. Both states have become very important partners to each other.

¹ "The UAE and China: A Vision for Future Relations," HH Sheikh Abdullah Bin Zayed Al Nahyan, UAE Minister of Foreign Affairs, December 14, 2014. Accessed March 29, 2016 at <http://ae.chineseembassy.org/eng/xwdt/t1324034.htm>

² "Agreements Strengthen China-UAE Ties," *The National*, December 14, 2015.

³ International Monetary Fund, *United Arab Emirates: Direction of Trade by Country*. Accessed March 28, 2016 at <http://data.imf.org/?sk=253a4049-e94d-4228-b99d-561553731322&sid=1390030323199&ss=1390030323199>

This chapter begins with a brief analysis of the factors that shape the UAE's international political choices at the systemic and unit levels. In terms of systemic pressures, Emirati leadership has perceived hostile regional powers as their greatest security threat, and used a variety of diplomatic tools available to a relatively small but wealthy state: participation in international organizations, alliances, and economic statecraft. These tools, combined with its important role in the global energy market, has made the UAE a significant partner for other states, which therefore see the stability and security of the UAE as aligned with their interests. China's large commercial presence in the UAE makes it yet another powerful state that has an interest in the Emirates. In terms of unit-level pressures, the UAE faces fewer challenges than other GCC states, but the demands inherent in its rentier model means the state, already the overwhelmingly central economic actor in its citizens' lives, must continue to deliver a wide range of economic benefits.⁴ In an economy still largely dominated by energy exports, this creates an explicit need for diversification. Again, trade with China is an important factor in this, although unlike the cases of Saudi Arabia and Oman, it is not as an importer of Emirati energy, but as an exporter of Chinese goods that the UAE re-exports throughout the Middle East. As the world's third-largest re-export hub, behind Hong Kong and Singapore, a substantial part of the UAE's non-energy economy is based on re-exports, making China an important economic partner for the UAE.

The next section of this case study examines the historical development of Sino-Emirati relations, adopting the same framework of indifference, hostility, transition, and interdependence that was used in the Saudi Arabia and Oman case studies. While the stages of the relationship are essentially the same, there is variation in that the UAE did not exist as a state until 1971; its position as a British protectorate enhanced the PRC leadership's perceptions of a colonial monarchy reliant on Western power for its security. This attitude began to shift after the UAE federation was created, and continued as the Emirates demonstrated an independent position in its foreign policy orientation. Sino-Emirati relations were largely reflective of the bipolar Cold War system throughout the indifference and

⁴ Davidson, *The United Arab Emirates*: 87-97.

hostility stages, and structural theories can explain much of the relationship. However, this began to change in the 1970s as China slowly integrated itself into the international system, increased dramatically with the leadership transition from Mao to Deng, and has intensified during the interdependence period, as both states have become important both in terms of international political interests and also domestic political pressures. Contemporary interdependence is therefore best analyzed as a response to systemic and unit-level pressures, indicating a growing Sino-Emirati relationship across a range of interactions: political, trade, people-to-people, infrastructure projects, and ultimately security.

United Arab Emirates: Systemic Pressures

For Emirati leadership, the most significant source of systemic pressure has been aggressive and hostile regional powers, Iran and Iraq. This has manifested as both material and ideological threats. In order to meet these threats, the UAE has developed a technologically powerful modern military, in the process becoming one of the largest purchasers of armaments on the international market. It has also used alliances with external security providers, first the UK and currently the USA. While China does not play a significant role in arms sales to the UAE and has not indicated a larger security relationship, the structure of the relationship is such that there is potential for China to play a larger role in assisting the UAE in security matters as their interests become more deeply intertwined.

The UAE's foreign policy orientation has long been a reflection of a threatening geopolitical environment, described by Rugh as "the realization that it is a small, wealthy country in a rough neighborhood."⁵ Early in its statehood, the UAE's international political choices conformed to the preferences of Saudi Arabia and Iran. The UAE had territorial disputes with both states and did not have the resources available to challenge either, meaning that it chose a 'follower' status as a strategy of avoiding conflict with its larger and more powerful

⁵ William A. Rugh, "The Foreign Policy of the United Arab Emirates," *Middle East Journal* 50:1 (1996): 58.

neighbors.⁶ This reflects what al-Alkim has called the ‘Saudi dimension’ in the UAE’s early foreign policy choices, when the UAE’s position on regional issues was consistently aligned with the Saudi position.⁷ To create a more independent position, Emirati leadership pursued active membership in the international system, joining international organizations and agencies and creating a systemic role for itself.⁸

As its sovereignty became more secure by the end of the 1970s, the Emirati approach to foreign policy shifted to the use of alliances and foreign aid as diplomatic tools to ensure the status quo.⁹ In terms of foreign aid, the UAE had become a very generous donor, ranking second internationally in 1975 and 1991 as a percentage of its GDP.¹⁰ In the years after the oil embargo, Emirati leadership used significant amounts of the dramatic increase in revenue as foreign aid, with thirty percent of its federal budget in the mid-1970s allocated for developing states in the Middle East.¹¹ Naturally, this earned the UAE a degree of good will from other states in the region, and added an element of security, as regional political elites benefited from this largess and perceived a sovereign UAE as being aligned with their interests. In terms of alliances, the GCC was the most important, as it assured that the Gulf monarchies would act as a bloc on areas where their interests were concerned, but as noted in chapter four, it was not especially effective in terms of material defense. The increased role of the USA as a security guarantor came to play a central role in meeting systemic pressures, most notably in the cases of Iranian hostility during the Iran-Iraq war, and then in ending Iraq’s expansionist goals for the region after its invasion of Kuwait. This reliance on an external security provider to provide a security umbrella was consistent with the role the United Kingdom had played until 1971, and continues today, with the USA

⁶ Vania Carvalho Pinto, “From ‘Follower’ to ‘Role Model’: The Transformation to the UAE’s International Self-Image,” *Journal of Arabian Studies*, 4:2 (2014): 232.

⁷ Hassan Hamdan al-Alkim, *The Foreign Policy of the United Arab Emirates* (London: Saqi Books, 1989): 59.

⁸ Carvalho Pinto, “From ‘Follower’ to ‘Role Model’”: 234.

⁹ Khalid S. Almezaini, *The UAE and Foreign Policy: Foreign Aid, Identities and Interests* (London: Routledge, 2014): 21.

¹⁰ Ibid: 49.

¹¹ Muhammed Morsy Abdullah, *The United Arab Emirates: A Modern History* (Abu Dhabi: Makarem, 2007): 143.

relationship a central pillar of the UAE's security and foreign policies.¹² This is not likely to change, and there is little evidence that China could play even a supplementary role to the USA in supporting the UAE's security.

The American security architecture in the UAE is substantial. It uses facilities at Jebel Ali port, the U.S. Navy's busiest port of call, as well as the Al Dhafra Air Base. These facilities have been used extensively for operations in Afghanistan, Iraq, and Syria. There are approximately five thousand American soldiers stationed in the UAE, and Al Dhafra remains the only overseas base where the USA stations F-22s.¹³ The UAE is a major client for USA arms manufacturers, having purchased weapons and related services valued at \$10.4 billion between 2007 to 2010, a strategy perceived by Emirati leadership as one that enhances the American commitment to UAE security.¹⁴

While there is little room for China to enhance its role relative to that of the USA, the strategies traditionally used by the UAE indicate an opportunity for China's relationship with the UAE to involve a security dynamic. That the UAE has used distribution of foreign aid and weapons purchases to ensure its security reflect a pragmatic approach to linking its security to the economic interests of other states. Its major role in the global energy market, its importance as a supplier of foreign direct investment, and its role as a major importing state all factor into China perceiving a link between the UAE's security and the PRC's economic interests. With many Chinese nationals and companies located in the Emirates (see below) Chinese leaders have an additional concern in a stable and secure UAE. This creates a situation where the Sino-Emirati relationship could include the makings of a security dynamic, given the depth of their regional interests.

United Arab Emirates: Unit-Level Pressures

As with Saudi Arabia and Oman, the largest source of unit-level pressure for the UAE is the tension inherent in its rentier economy. However, unlike Oman,

¹² Kenneth Katzman, "The United Arab Emirates (UAE): Issues for U.S. Policy," *Congressional Research Service*, March 23, 2015.

¹³ Ibid: 17.

¹⁴ Ibid: 19.

Emirati leadership can continue to rely on the distribution of significant energy revenues as well as a substantial sovereign wealth fund in order to meet government spending. Unlike Saudi Arabia, it has a relatively small population to provide for, and little in the way of sectarian divisions among its populace. Instead, the pressure is to diversify an economy still largely based on energy exports, and in this China is already playing an important role.

The UAE is unique among the GCC states in that it is a federation. Leaders of the seven emirates (Abu Dhabi, Dubai, Sharjah, Fujairah, Ras al Khaima, Umm al Quwain, and Ajman) chose to form a union when the United Kingdom left the Gulf in 1971 rather than face an uncertain security environment as relatively small and weak independent states. Whereas Saudi Arabia was unified through conquest and Oman long struggled with insurgencies, the UAE's state was developed peacefully and has remained remarkably cohesive. This can be attributed to two factors. First, the structure of the federation reflects a realistic assessment of the distribution of power within the state. Abu Dhabi has approximately ninety-four percent of the UAE's total proven oil reserves, and largely funds the federal government.¹⁵ In return, the other Emirates accept Abu Dhabi's leadership role within the state. Sheikh Zayed was the ruler of Abu Dhabi when the UAE was founded, and as such was chosen as the first president. The constitution is designed for a presidential leadership review among the sheikhs of each emirate every five years, but in practice the review is a formality. Sheikh Zayed was president until his death in 2004, at which point his son Sheikh Khalifa succeeded him. The Crown Prince of Abu Dhabi, Sheikh Mohammed, President Khalifa's stepbrother, has already been chosen to become the next president of the UAE. As the second-wealthiest emirate, the Vice President of the UAE is always the ruling sheikh of Dubai. The rulers of the other five emirates have a high degree of autonomy within their own emirates, but exercise relatively little power at the federal level. The highest profile ministries (foreign affairs, interior, defense, finance, presidential affairs) are the purview of the ruling families of Abu Dhabi and Dubai. This political and economic dominance reinforces the perception of

¹⁵ U.S. Energy Information Administration, *United Arab Emirates*. Accessed March 27, 2016 at <http://www.eia.gov/beta/international/analysis.cfm?iso=ARE>

the other emirates as “not much more than villages living on the beneficence of the ruler of Abu Dhabi.”¹⁶ However, the benefits of this wealth distribution from Abu Dhabi and the state development it funds, as well as the autonomy within the emirates, eases much of the resentment that would be expected from playing a marginal role in the federal government.

Another factor that explains the relatively high degree of domestic stability within the UAE is rooted in its unusual demographics. There has not been official census data released since 2005, when the population was listed at 4,106,427, but a United Nations estimate puts the UAE population at 9,157,000 in 2015.¹⁷ However, of that, approximately ninety percent are non-nationals. This leads to a largely non-national workforce; in 2010 nearly ninety-six percent of the UAE’s workforce were non-Emirati.¹⁸ While non-nationals receive attractive employment benefits, such as tax-free salaries and subsidized education and housing, the national population of less than one million receive significant government largess through the rentier system. Compared with the much larger population of Saudi Arabia, it is apparent that the leaders of the UAE, while having less capital to redistribute, have a significantly smaller pool of citizens to redistribute it to, leading to a wealthier and more satisfied domestic base.

The rentier model in the UAE is therefore more stable than in Saudi Arabia because of a smaller group of beneficiaries, and more successful than in Oman because the UAE possesses much greater oil reserves. The UAE has 97.8 billion barrels of proved reserves, the world’s seventh highest,¹⁹ and in 2012 exported 3,099,000 barrels per day of crude oil and petroleum products.²⁰ This has led to

¹⁶ Michael Herb, *All in the Family: Absolutism, Revolution, and Democracy in the Middle East Monarchies*. (Albany: State University of New York Press, 1999): 136.

¹⁷ Central Intelligence Agency, *World Factbook: United Arab Emirates*. Accessed March 27, 2016 at <https://www.cia.gov/library/publications/the-world-factbook/geos/ae.html>

¹⁸ Ingo Forstenlechner and Emilie Jane Rutledge, “The GCC’s ‘Demographic Imbalance’: Perceptions, Realities, and Policy Options,” *Middle East Policy* 18:4 (2011): 27.

¹⁹ U.S. Energy Information Administration, *United Arab Emirates*. Accessed March 27, 2016 at <http://www.eia.gov/beta/international/analysis.cfm?iso=ARE>

²⁰ Organization of the Petroleum Exporting Countries, *OPEC Annual Statistical Bulletin: 2015*: 57.

massive wealth creation. The Abu Dhabi Investment Authority (ADIA) is the fourth largest sovereign wealth fund, with holdings estimated at \$773 billion.²¹ This oil wealth makes for a very wealthy populace, with a GDP per capita of \$67,000, the twelfth highest in the world in 2015.²² At the same time, this reliance on oil revenue is a weakness in the Emirati economy, as it has not effectively diversified. Energy exports, as elsewhere in the GCC, play a central role in the federal budget; sixty-five percent of general government revenue comes from oil and gas.²³ This relatively small population and deep pool of resources can relieve the UAE government of the immediate adverse impacts of the rentier model to a degree that Omani and Saudi Arabian leaders would envy, but it still presents a long-term challenge. The preference for public sector employment among nationals and the generous benefits attached to a government job means that the state is under considerable pressure to provide employment opportunities while at the same time heavily subsidizing rather lavish lifestyles.

As is the case with Saudi Arabia and Oman, China can play a role in relieving the economic burden through its large volume of trade with the UAE. However, unlike the other two cases, China's trade with the UAE is heavily balanced in the PRC's favor. This is because of the nature of trade between the two states. The UAE has long been a re-export hub for the Gulf and Middle East region, and as it attempts to diversify its economy, Chinese products are an important factor in this strategy; China is the largest source of the UAE's imports, at nearly sixteen percent.²⁴ Much of this is large machinery and transport equipment, which is being used for infrastructure projects throughout the region. As is discussed below, China is using the Jebel Ali Free Zone (JAFZA) in Dubai as a base of operations for its companies working on construction and infrastructure contracts on the Arabian Peninsula. This mutually beneficial arrangement enables China to expand its regional footprint while providing opportunities for Emirati

²¹ Sovereign Wealth Fund Institute, *SWFI League Table of Largest Public Funds*. Accessed March 27, 2016 at <http://www.swfinstitute.org/fund-rankings/>

²² CIA, *World Factbook: United Arab Emirates*

²³ International Monetary Fund, *World Economic and Financial Surveys Regional Economic Outlook: Middle East and Central Asia*. Accessed March 27, 2016 at <https://www.imf.org/external/pubs/ft/reo/2015/mcd/eng/pdf/mreo1015.pdf>

²⁴ CIA, *World Factbook: United Arab Emirates*

companies to profit from partnerships. Also important is the value of re-exports to the Emirati economy. In 2014, re-exports represented \$120 billion, an increase of nearly eleven percent from 2012. This is especially relevant as non-oil exports over the same period decreased by almost eight percent.²⁵ China accounts for ten percent of the UAE's non-oil trade, and approximately sixty percent of China's exports pass through the UAE²⁶, making China a crucial partner for the UAE's continued efforts to diversify its economy beyond hydrocarbon trade, a necessary step in addressing potential unit-level pressures.

Pre-PRC Historical Legacy

Prior to the foundation of the People's Republic of China in 1949, there were no recorded interactions between China and the societies that eventually became the United Arab Emirates (UAE).

Indifference (1949 – 1965)

Much like Sino-Saudi relations between 1949 and 1965, there was little in the way of PRC interactions with what is now the United Arab Emirates, and systemic calculations rather than domestic politics explains the limited transactions that did exist. The obvious obstacle between them is that the UAE, then known as the Trucial States, did not exist as a sovereign state until 1971, and its foreign policy and international representation was directed by Britain, which PRC leadership considered as an enemy of both China and communism. The troubled history shared by the United Kingdom and China was an important factor in shaping the PRC's negative perceptions of the emirates of the Trucial States, as was their marginal geopolitical importance during this period. While not formally a British colony, the Trucial States were a British protectorate, which led Chinese leaders to consider the sheikhs of the emirates as 'reactionary monarchies' reliant

²⁵ Lucy Barnard, "Dh1.5 Trillion in Trade Pushed through UAE Ports," *The National*, June 21, 2014.

²⁶ Zongyuan Liu, "Rising Chinese Waves in the UAE," *Middle East Institute*, August 5 2015. Accessed March 28, 2016 at http://www.mei.edu/content/map/rising-chinese-waves-uae#_ftn2

upon foreign powers for their continued rule.²⁷ As such, PRC leadership considered the emirates of the Trucial States to be firmly in the Western camp in the Cold War system, with no potential to align them with Chinese interests.²⁸ The same systemic considerations as discussed in the Saudi Arabia case study applied to the Trucial States. Both were aligned with opposing powers in the bipolar Cold War system, preventing formal bilateral relations. The PRC's attempts at building inroads into the Middle East focused on non-monarchal states with nationalist leaders, meaning that the Trucial States remained of marginal interest to the PRC. This was mutual, as the PRC's communist ideology and reports of hostility toward Chinese Muslims (see Saudi Arabia case study) meant that the sheikhs of the Trucial States had no interest in closer ties to the PRC.

Hostility (1965-1971)

This period of PRC support for revolutionary movements on the Arabian Peninsula, as discussed in the Saudi Arabia and Oman case studies, affected the leadership of the Trucial States as well. The systemic calculations and domestic politics at play in the PRC's support for revolution in Oman also had implications for the Emirates. As the Dhofari Liberation Front (DLF) transitioned into the People's Front for the Liberation of the Occupied Arab Gulf (PFLIOAG) in 1968, their revolutionary strategy expanded to include the entire 'occupied' Gulf. In this case, occupied referred to all societies with a British presence on the Arabian Peninsula, meaning Bahrain, Oman, Qatar, and the Trucial States.²⁹ This had a direct effect on the interests of the Trucial States, who, unlike Oman and Saudi Arabia, were protectorates of Britain and as such, were more strongly perceived as puppets of the West.

The revolutionary threat from Dhofar was all the more menacing for leaders of the Trucial States because of the UK's announcement in 1968 that by 1971 it would withdraw from its commitments in the Gulf. For the sheikhs of the emirates, this was a cause of anxiety:

²⁷ Huwaidin, *China's Relations with Arabia*: 96.

²⁸ Ibid: 96.

²⁹ Ibid: 103.

the attainment of independence by the Shaikhdoms ... was neither sought nor universally welcomed. The more traditional rulers tended to be content with British protection, which insulated them from harsh political realities.³⁰

These harsh realities included not only the Dhofari rebellion, but also potential threats from their much larger and more powerful neighbors, Saudi Arabia and Iran, both of which had proven to be expansionist in the past and both of which had territorial disputes with the Trucial States.³¹ Britain, then, was a bulwark against expansionist regional powers for the smaller monarchies of the Arabian Peninsula, and its decision to leave prompted Sheikh Zayed of Abu Dhabi and Sheikh Rashid of Dubai to offer to jointly fund a continued British presence in the Gulf.³² When it became clear that the UK was indeed leaving, the leaders of the seven emirates of the Trucial States agreed to a confederation that was formalized in 1971, under the leadership of Sheikh Zayed, who remained president until his death in 2004. This union represented a collective security approach to ensuring sovereignty in a hostile and unstable system.³³ The departure of a long-standing offshore balancer capable of checking the expansionist ambitions of hostile neighbors made what was a relatively stable sub-region into a potentially unstable one. In this context, China's support for the Dhofari rebellion made for an even more threatening international political environment for the UAE leadership. While the PRC did not directly threaten the Trucial States, the expansionist agenda

³⁰ John Duke Anthony, *Arab States of the Lower Gulf: People, Politics, Petroleum*. (Washington: Middle East Institute, 1975): 5.

³¹ On December 1, 1971, the day before the UK officially left the Gulf, Iran seized three islands: Abu Musa, which belonged to the emirate of Sharjah; and Greater and Lesser Tunb, both of which were the territory of Ras al-Khaima. This remains an ongoing dispute between the UAE and Iran.

³² Christopher Davidson, *The United Arab Emirates: A Study in Survival*. (Boulder: Lynne Rienner Publishers, 2005): 45.

³³ Bahrain and Qatar were also invited to join the union, but declined for two reasons. First, they were concerned with the distribution of power within the UAE, wary that Abu Dhabi's newfound oil wealth would allow it to play a dominant political role, a concern that has proven to be accurate. Second, both Qatar and Bahrain had difficult relationships with Saudi Arabia and Iran, and their leaders felt that joining the UAE would provoke retaliation, and that they would be better able to protect their interests as sovereign states rather than as emirates within a union that appeared unlikely to succeed.

of the PFLOAG clearly represented a threat to the status quo within the emirates, and China was rightly perceived as a hostile power.

For the PRC, its interactions with the Trucial States during this period were motivated by its leaders' perceptions of systemic pressures. As in the cases of Saudi Arabia and Oman, the PRC was looking to export its revolution in an attempt to counter Soviet gains at a time when the USSR was considered the PRC's greatest security threat. No records have been released that indicate any other political considerations were at play when PRC leaders considered the Trucial States. Politically, economically, and militarily insignificant, the Trucial States were only considered as reactionary monarchies under British control, and as such, a target of China's revolutionary ambitions for the region.

Transition (1971-1990)

The year of the UAE's founding coincided with the several systemic and domestic political factors that led the PRC's leadership to reassess its international political orientation and ultimately led to a regional foreign policy in line with that of the Gulf monarchies, including the UAE's. As with Saudi Arabia, diplomatic relations would not come quickly, but after being established, the benefits to both the UAE and China have been substantial. This section analyses the period up to the establishment of official diplomatic relations between the UAE and PRC in 1984, and then to 1990, at which point China's relations with Saudi Arabia triggered a level of deeper interdependence between the PRC and all GCC states.

In its effort to play a larger role in the Gulf, the PRC had attempted to establish diplomatic relations with the UAE upon its founding. This would have increased the small but growing number of states that officially recognized the PRC, while denying Taiwan a potential diplomatic partner. Official relations would have also benefited the UAE; as a small, new, and relatively weak state with multiple regional security threats, more ties to established states, especially the PRC with its newly awarded UN membership and seat on the UNSC, would give the UAE a degree of stability.³⁴ Upon the announcement of the UAE federation,

³⁴ Huwaidin, *China's Relations with Arabia*: 235.

President Sheikh Zayed and Premier Zhou Enlai exchanged messages. The message from the UAE implied the potential for a diplomatic relationship with the PRC, stating:

While expressing the willingness of my people and Government to strengthen all relations with your Excellency's people and Government, I send to Your Excellency my best wishes for Your Excellency's health, happiness, and for your people's prosperity.³⁵

Zhou replied five days later, a brief delay that Huwaidin believes was caused by a cautious approach to regional politics; as China had just established official relations with Iran, PRC leadership wanted to first see how Iran would react to the UAE before deciding how to proceed.³⁶ After Iran extended recognition to the UAE, Zhou replied to Sheikh Zayed's message, informing the Emirati government that the Chinese government had decided to recognize the UAE, and expressed the hope that "the friendship between the people of China and the United Arab Emirates develop continuously."³⁷ However, after this expression of interest from China, the UAE did not reply in kind. Abidi believes that UAE leadership was using a potential relationship with China as a bargaining tool against Saudi Arabia, with which the UAE had several unresolved border disputes.³⁸ In this scenario, the UAE leadership would not have intended to actually establish relations with China. Given the PRC's recent destabilizing presence in the region this might have been possible, although not likely; the UAE needed as many diplomatic allies as possible at this early stage in its statehood. A more likely explanation for the UAE's refusal to establish ties with China at this point would be pressure from Saudi Arabia to limit the PRC's footprint in the Gulf. Saudi Arabia was the only Arab state to vote against the PRC's admission to the UN and was opposed to greater Chinese involvement in Middle Eastern politics. While the UAE would have benefited from a diplomatic relationship with the PRC, its relationship with Saudi Arabia was a more immediate consideration. Thus, while at the international level, systemic pressures were driving the PRC to a status quo foreign policy in the Gulf and closer alignment with the policy preferences of Gulf Arab monarchs, at the sub systemic

³⁵ Huwaidin, *China's Relations with Arabia*: 236.

³⁶ Ibid: 237.

³⁷ Ibid: 237.

³⁸ Abidi, *China, Iran and the Persian Gulf*: 226.

level of the Gulf Saudi Arabia was exerting considerable pressure on the newly independent states to prevent official relations with the PRC.

In the face of this resistance, the PRC's approach was to establish itself as a reliable potential partner by developing a stronger economic presence in the region. For the UAE, which did not have official relations with Taiwan, trade with the PRC could take place without political considerations, and bilateral trade grew throughout the 1970s. The PRC's exports to the UAE increased significantly, from a mere \$3.92 million in 1970 to \$100.67 million in 1981.³⁹

The value of a closer formal diplomatic relationship with the PRC started to become evident in the years immediately following the normalization of ties between Oman and the PRC in 1978. Domestic changes within the Gulf system created a diplomatic space for China as a regional actor. The Iranian revolution in 1978 altered the system from the relative stability of the 1970s, in which the Gulf monarchies and Iran balanced against Baathist Iraq. After Iran's revolution the Gulf became a tripolar system, with both Iraq and Iran attempting to subvert the regional status quo that the Gulf monarchies wanted to maintain. When the Iran-Iraq war broke out, China initially sold arms to both sides, a short-term economic gain, but as noted in the Oman case study, one that was damaging to China's reputation among the Gulf monarchies. Omani diplomacy convinced Chinese leaders that the disruptive nature of its arms sales was threatening to the regional status quo, as well as the global energy markets, and ultimately to China's regional presence and economy. That Oman was able to align China with the Arab Gulf monarchies' interests demonstrated the value of a diplomatic relationship with China as well as the benefits of cooperation from PRC leadership.

In the absence of diplomatic relations, ties existed at the economic level. Dubai's role as a business and transportation hub increased international traffic to the UAE, and China was especially interested in establishing a commercial presence. This was compounded by the absence of political relations between the UAE and ROC. Chinese exports to the UAE consisted mostly of food products, textiles, and light industrial goods, and the value of these exports increased rapidly – if still on a small scale – from \$3.81 million in 1969 to \$34.86 million in

³⁹ Huwaidin, *China's Relations with Arabia*: 282.

1974 to \$80.71 million in 1979 to \$100.67 million in 1981.⁴⁰ With economic relations developing at this rate full diplomatic relations ultimately became inevitable. China saw a long-term export market and the UAE envisioned a future market for oil. Therefore, in November 1984 a joint communiqué announced the establishment of diplomatic relations, stating,

Out of a common desire to strengthen and develop the friendly relations and co-operation between the two countries, the Government of the People's Republic of China and the Government of the United Arab Emirates have decided to establish diplomatic relations between the two countries at the ambassadorial level.⁴¹

Geopolitical interests also played a role in the establishment of diplomatic relations. The UAE was as always concerned with Iran's ambitions in the Gulf. While supporting Iraq in its war with Iran, any chance to exert influence in Tehran was crucial for the UAE, and in China, Emirati leaders saw an opportunity for a more balanced relationship with Iran. For the UAE, there was the realization of "the significance of engaging China rather than isolating it in order to achieve its foreign policy objectives."⁴² From China's perspective, stronger relations with the UAE continued its policy of creating a position of greater influence in a strategically important region, with the goal of ultimately gaining diplomatic relations with each of the Arab Gulf monarchies.

In the period after establishing diplomatic relations, the PRC and UAE moved to strengthen ties, with a series of business, military, and political visits that culminated with Presidential visits in 1989 and 1990. PRC President Yang Shangkun visited the Middle East in December 1989, stopping in Egypt, Kuwait, the UAE, and Oman. The visit was an opportunity for China to reiterate that its commitment to the Gulf remained strong, in spite of regional instability. It also served a domestic purpose for China, as an official state visit in the wake of the Tiananmen Square massacre provided the CCP with evidence of international legitimacy, especially important after several Western states had imposed sanctions against China. Middle Eastern states did not impose sanctions, viewing it as a matter of internal politics. In May 1990, Sheikh Zayed took a five-day official

⁴⁰ Huwaidin, *China's Relations with Arabia*: 238.

⁴¹ Ibid: 238.

⁴² Ibid: 240.

visit to China, the first for an Emirati president. He was accompanied by his Minister of Defense, Sheikh Mohammed Bin Rashed al Maktoum, the current Sheikh of Dubai and Prime Minister of the UAE, and his son, Sheikh Mohammed bin Zayed, who was then Commander of the Air Force and is now the Crown Prince of the UAE.

This transitional period is significant in that it led to a constructive role for China in the Gulf, first as a result of its reinterpretation of the international political system given its tensions with the Soviet Union, and then as a result of the Era of Reform initiated under Deng, in which domestic economic growth and development came to play a larger role in China's foreign policy objectives. This combination of international and domestic drivers of China's regional policy would continue through the period of interdependence, on a much greater scale.

Interdependence (1990-2012)

This period of interdependence is also defined by an international – domestic dynamic to Chinese foreign policy. In terms of systemic calculations, the end of the Soviet Union and the emergence of an American-led unipolar system created a tremendous opportunity for China to more deeply integrate into the international system and derive the benefits of this participation, while also enjoying the benefits of a stable international system backed by American hegemony. This is especially so in the Gulf, as the American security umbrella ensures the safe passage of energy exports from the Gulf to the global markets, as well as the stability of the GCC member states that are key actors in the international economy. This in turn creates domestic benefits for China, providing it with capital-rich markets for its manufactured goods and construction contracts for its state-owned firms doing business in the Gulf. The energy required for China's continued economic growth and development is largely coming from the Gulf, making the GCC member states important for China's domestic political and economic stability. This section analyzes five features of interdependence between China and the UAE to examine how their relations are developing.

Diplomatic and Political Interactions

The period of interdependence between China and the UAE began with a five-day official visit from Sheikh Zayed in May 1990, the first visit to China from any GCC leader. Indicating the strengthening ties between the two states, President Yang said,

We value the great importance attached by your Excellency the President and the government of the UAE to developing friendly ties with China. The development of friendly, co-operative relations with the UAE and the other Gulf nations also occupies a very important position in China's foreign policy.⁴³

Travelling with then Minister of Defense (and current Vice President) Sheikh Mohamed bin Rashid and then Commander of the Air Force (and current Crown Prince) Sheikh Mohamed bin Zayed, Sheikh Zayed met with President Yang, Premier Li Ping, CCP General Secretary (and future President) Jiang Zemin, and mayor of Shanghai (and future Premier) Zhu Rongji. During the visit several economic, technical and trade agreements were signed. Huwaidin speculates that given the military rank of those accompanying Sheikh Zayed, there was a security element to the meetings as well.⁴⁴ This is certainly likely, given the tense security environment in the Gulf at the time, with the Iran-Iraq War over but tensions remaining high and China perceived as a state with influence in Tehran. However, given the nature of the Emirati political system and the anticipated trajectory of influence for both Sheikh Mohameds (which have since been realized), it is likely that the Emirati leadership was focused on developing personal relationships that would endure as bilateral relationships strengthened. Both Sheikh Mohamed bin Zayed and Sheikh Mohamed bin Rashid have been frequent visitors to China since that initial meeting, and both have received frequent high-level Chinese delegations since then. Throughout the 1990s this remained the highest-ranking visit from either state, although there were visits at the ministerial and deputy levels.

With the increase in trade relations triggered by China's entry into the World Trade Organization in 2001, diplomatic activity intensified as well. While

⁴³ Ibid: 245.

⁴⁴ Ibid: 245.

there were no visits between heads of state, Vice President Sheikh Mohamed bin Rashid made an official four-day visit to China in 2008, and met with President Hu, Premier Wen, and Vice President Xi. A number of bilateral agreements were signed, including an agreement on security cooperation.⁴⁵ Both sides agreed to increase cooperation in infrastructure construction, engineering, communications, and labor services, as well as increased bilateral investment, cultural, educational, and tourism exchanges. Premier Wen referred to the UAE as “one of China’s most important economic partners in the Gulf region, serving as a transfer center for Chinese products to the Middle East and African markets.”⁴⁶ In 2009, Crown Prince Sheikh Mohamed bin Zayed travelled to Beijing, where he met again with President Hu, Premier Wen, and Vice President Xi. Talks focused on strategic cooperation in trade, oil, and petrochemicals. Vice President Xi and Crown Prince Mohammed bin Zayed signed a cooperative agreement that instituted a bilateral political consultation mechanism. Domestic political security was discussed, with Sheikh Mohamed stating the July riot in Xinjiang was a matter of China’s internal affairs and that the UAE “supported the Chinese government’s efforts to safeguard national unity, security, and stability.”⁴⁷ They signed a bilateral agreement for enhanced military-cooperation and exchange of experience in military industries.⁴⁸ The visit also led to a deal between Abu Dhabi National Oil Company (ADNOC) and Chinese National Petroleum Company (CNPC) to exchange oil products and cooperate in petrochemical industries. Premier Wen stressed a Chinese commitment to resuming talks for a PRC-GCC free trade agreement. Finally, Vice President Xi thanked the UAE for its \$50 million relief donation after the 2008 Wenchuan earthquake, and Sheikh Mohamed invited President Hu and other Chinese officials to visit the UAE on behalf of President Sheikh Khalifa.

⁴⁵ “Mohammed Ends Visit on High Note,” *Gulf News*, April 4, 2008.

⁴⁶ “China, UAE Agree to Boost Ties for Mutual Benefit,” *Xinhua*, April 3, 2008. Accessed February 25, 2016 at http://news.xinhuanet.com/english/2008-04/03/content_7913974.htm

⁴⁷ “Leaders: China Seeks Friendly Ties with Islamic Countries,” *Xinhua*, August 14, 2009.

⁴⁸ Mahmoud Habboush, “Oil Pact is Centerpiece of China Trip,” *The National*, August 16, 2009.

The Foreign Ministers for each country paid visits in 2010 and 2011, further developing the relationship, but the most significant official visit came when Premier Wen Jiabao visited the UAE in January 2012 as part of a three-state overseas trip. Accompanied by Foreign Minister Yang Jiechi, Wen met again with every senior member of the UAE federal government, including President Khalifa, Vice President Mohamed bin Rashid, and Crown Prince Mohamed bin Zayed. Noting that China had become a major international economic actor, Sheikh Khalifa said he expected Premier Wen's visit to result in "advanced steps towards greater cooperation and further enhancement of the economic partnership."⁴⁹ On this trip, China and the UAE announced that they had established a strategic partnership, making the UAE the first Arab country in the Gulf region to have such a relationship with China. The strategic partnership established consensus on twelve points:

1. Increased high-level exchange of visits and closer political consultations between foreign ministries
2. Agreement to uphold the principles of sovereignty and non-interference in internal affairs
3. Development of bilateral trade and economic cooperation
4. Establish a long-term and comprehensive strategic relationship in the energy sector
5. Expanded cooperation in financial sector, including banking and securities
6. Bilateral cooperation in customs and taxation
7. Bilateral cooperation in agriculture, forestry and environmental protection
8. Cooperation in law-enforcement security, anti-terrorism, and intelligence exchange
9. Military exchange of visits, exchanges between military colleges, and cooperation in personnel training, technical equipment, and military industry and trade
10. Cooperation in culture, education, tourism, public health, sports and social development
11. Stronger coordination and cooperation in international organizations

⁴⁹ "UAE-China Bonds Are Bracing for Greater, Promising Cooperation: Khalifa," *WAM Emirates News Agency*, January 17, 2012. Accessed February 25, 2016 at http://www.uaeinteract.com/docs/UAE-China_bonds_are_bracing_for_greater_promising_cooperation_Khalifa/47961.htm

12. Establishing mechanisms to implement the strategic partnership.⁵⁰

The depth and multifaceted nature of the relationship had clearly been established, and set the stage for further advances in interdependence. Wen also used the visit to the UAE to announce the establishment of the China-Arab States Cooperation Forum, emphasizing that Arab states are regarded as “an important part of China’s foreign policy” and proposing a three-point framework for deeper China-Arab relations:

1. Strengthening political mutual trust and deepening strategic cooperation
2. Deepening mutually beneficial cooperation for common development
3. Expanding cultural and people-to-people exchanges⁵¹

While emphasizing a more actively engaged China in Middle Eastern political issues such as Iran’s nuclear program and the war in Syria, Wen also reiterated China’s traditional non-interference policy, stating “China hopes and believes the governments and peoples in the region have the ability to solve their own problems. We support countries in the region in choosing independently a development path suited to their own national conditions.”⁵²

Political and diplomatic interactions between China and the UAE have increased significantly throughout the period of interdependence, and reflect the importance of bilateral relations that leaders in both states perceive as meeting international and domestic political goals. With the cooperation mechanisms developed by the strategic partnership, Sino-Emirati political and diplomatic cooperation and coordination will increase.

⁵⁰ “China, UAE Issue Joint Statement on Establishing Strategic Partnership,” *Xinhua*, January 17, 2012. Accessed February 25, 2016 at http://news.xinhuanet.com/english/china/2012-01/17/c_122598697.htm

⁵¹ “Chinese Premier’s Visit Promotes Friendly Cooperation with Nepal, Arab Countries: FM” *Xinhua*, January 20, 2012. Accessed February 25, 2016 at http://news.xinhuanet.com/english/china/2012-01/20/c_122608920_6.htm

⁵² *Ibid.*

Military and Security Cooperation

There is very little publicly available data concerning China-UAE military and security interactions. Whereas the East Wind missile sale was instrumental in bringing Saudi Arabia and China to diplomatic relations, arms sales have played almost no role in Sino-Emirati relations. The UAE is a significant purchaser of weapons, ranked the world's fourth largest arms importer between 2010 and 2014.⁵³ However, according to data from the Stockholm International Peace Research Institute (SIPRI), China made only one weapons sale to the UAE between 1990 and 2014, worth a relatively minor \$14 million, for twenty 130mm towed guns.⁵⁴ The UAE does host a biennial International Defense Exhibition, which is a major venue for manufacturers and vendors to display and sell weapons systems, as well as the Dubai International Air Show. Both of these events have been used by China to generate interest in its hardware. In 2009, China used the Dubai International Air Show to present its L-15 Falcon training aircraft and its J-17 fighter jets, both of which are alternatives to more expensive USA aircraft. While the USA, the UK, France and Russia remain the preferred arms suppliers for the UAE, China's exhibits at the 2013 International Defense Exhibition made a significant impression, with a regional defense analyst noting that China was offering, "increasingly sophisticated weaponry at rock-bottom prices."⁵⁵ Given the extensive existing trade relations between China and the UAE, should China's weapons manufacturers continue to impress in terms of quality and price, an entry into the lucrative Emirati arms market seems likely.

In 2008 China and the UAE signed a defense and cooperation pact. Specific details have not been released, but the frequency of senior-level meetings

⁵³ Awad Mustafa, "Saudi, UAE Influence Grows with Purchases," *Defense News*, March 22, 2015. Accessed February 15, 2016 at <http://www.defensenews.com/story/defense/policy-budget/budget/2015/03/22/saudi-uae-influence-grows-with-purchases/25013385/>

⁵⁴ SIPRI Arms Transfers Database. Accessed February 15, 2016 at http://armstrade.sipri.org/armstrade/page/trade_register.php

⁵⁵ Wendell Minnick, "China's Interest in Mideast Countries Rattles Europe, US," *Defense News*, November 19, 2013. Accessed February 15, 2016 at <http://defence.pk/threads/chinas-interest-in-mideast-countries-rattles-europe-us.287839/>

between Chinese and Emirati military and security officials have grown significantly since then. PRC Minister of Defense Liang Guanglie visited the UAE in 2008, meeting with President Sheikh Khalifa Al Nahyan, Crown Prince and Minister of Defense Sheikh Mohammed Al Nahyan, and Chief of General Staff of the UAE Armed Forces Hamad Al Rumaithi. The Crown Prince made a state visit to China in 2009, and Al Rumaithi made an official trip in 2010. In all instances, Chinese and Emirati officials pledge to continue to develop military cooperation and recognize each other's strategic interests.

The UAE has also provided a port of call for the People's Liberation Army Navy (PLAN) in its ongoing CNET mission. In March 2010 the UAE became the first country in the region to host the PLAN, chosen according the Ambassador Gao Yusheng because of "the strength of political ties between our two countries, and the development that has been witnessed by the Emirates in recent years."⁵⁶ Two warships, a frigate and a supply ship, stopped in Abu Dhabi after a six-month mission protecting commercial ships and oil tankers in the Gulf of Aden and the Red Sea. Speaking at a ceremony attended by the UAE's Deputy Chief of Naval Operations, Sheikh Saeed bin Hamdan Al Maktoum, Senior Captain Qu Yanpang, the Deputy Chief of Staff of China's East Sea Fleet said, "we came for peace and friendship, for mutual understanding, and for expanding our mutual exchange. Our friendly cooperation is not only in the interest of our people but also conducive to global peace and stability. The friendly exchange between our navies is an important component of our bilateral relations."⁵⁷

People-to-People Exchanges

Islam plays a role in building ties between China and the United Arab Emirates, although to a much lesser extent than with Saudi Arabia. The UAE established the Sheikh Zayed Center for Arabic Language and Islamic Studies at Beijing Foreign Studies University in 1994. In 2009 it completely refurbished the

⁵⁶ Mahmoud Habbous, "Chinese Warships Make First Visit to Port Zayed," *The National*, March 24, 2010. Accessed February 15, 2016, at <http://www.thenational.ae/news/uae-news/chinese-warships-make-first-visit-to-port-zayed>

⁵⁷ Ibid.

Center for \$2.8 million after a state visit from Crown Prince Sheikh Mohammed bin Zayed Al Nahyan. Islamic studies is an important mission for the Center, but it has also paid important political dividends, as many of the PRC's ambassadors to Arab countries – eight out of twelve in 2012 – were graduates from the Center.⁵⁸ The UAE's Sheikh Khalifa bin Zayed Al Nahyan Foundation also committed to funding the Sheikh Zayed Mosque in Wuhong, Ningxia province.⁵⁹

Language and education have also been important in these people-to-people interactions. China has opened two Confucius Institutes in the UAE, one at Zayed University in Abu Dhabi and another at the University of Dubai. Initiated under President Hu Jintao, the Confucius Institutes were envisioned as “perhaps the most visible element of China’s soft power initiative” used to enhance “culture as a part of the soft power of our country.”⁶⁰ In addition to Chinese language courses, the Confucius Institutes hold cultural events, courses on Chinese medicine, and kung fu, as well as organizing cultural exchanges with the UAE. The director general of Hanban, which runs the Confucius Institutes, stated that they are “an important platform for local people to learn Chinese language and culture, and to deepen mutual understanding and friendship.”⁶¹

Another educational initiative between China and the UAE is the Mushrif Model Chinese School, opened in Abu Dhabi in 2006, offering K-12 curriculum for Emirati children in Chinese and Arabic. By 2012 the school had approximately 300 students, and projects to have over 800 by 2019.⁶² During a visit to Abu Dhabi

⁵⁸ Daniel Bardsley, “China Honours Sheikh Zayed,” *The National*, March 29 2012. Accessed February 16, 2016 at <http://www.thenational.ae/news/uae-news/education/china-honours-sheikh-zayed>

⁵⁹ Emily Cleland, “Sheik Zayed Mosques for China and Cambodia,” *The National*, July 27, 2013. Accessed February 16, 2016 at <http://www.thenational.ae/news/uae-news/sheikh-zayed-mosques-for-china-and-cambodia>

⁶⁰ Mimi Kirk, “China’s Soft Power and Dubai’s Confucius Institute,” *Middle East Institute*, June 5, 2015. Accessed February 15, 2016 at <http://www.mei.edu/content/map/chinese-soft-power-and-dubai’s-confucius-institute>

⁶¹ “Confucius Institute at Zayed University in UAE Officially Inaugurates,” *Xinhua*, March 9, 2012. Accessed at http://english.hanban.org/article/2012-03/09/content_422818.htm

⁶² Jacqueline Armijo, “China and the Gulf: The Social and Cultural Implications of Their Rapidly Developing Economic Ties,” in *Asia-Gulf Economic Relations in the*

from Politburo Standing Committee member He Guoqiang in 2011, Crown Prince Mohammed bin Zayed Al Nahyan emphasized that the UAE wanted to increase cooperation in education and scientific research with China, and cited the Mushrif Chinese School “as a bridge of cultural communication and civilizational interaction” between the two countries.⁶³

Tourism represents the largest volume of people-to-people interactions between China and the UAE, especially from the Chinese side. Visiting the Canton Fair in 2011, the UAE’s Undersecretary of the Ministry of Foreign Trade, Abdullah Ahmed Saleh, stressed the importance of developing tourism between China and the UAE.⁶⁴ Since then, tourism from China to the UAE has increased dramatically, largely to Dubai but increasingly to Abu Dhabi as well. Lured by luxury shopping and the UAE’s exemplary branding, Chinese visitors to Dubai have increased exponentially, and are projected to continue to do so at a tremendous rate. In 2010 there were 150,000 Chinese visitors to Dubai; by 2023 the UAE is expecting to host 545,000, who are projected to spend \$781 million.⁶⁵ In 2014 a Chinese firm sent 16,000 members of its staff to the UAE as a performance reward, chartering 77 flights, 40 hotels, and 400 tour guides.⁶⁶ The volume of Chinese visitors to the UAE has become so significant that a new program, China Ready, has been introduced in Emirati hotels. In order to be certified, they must employ Chinese speakers as greeters, have trained Chinese chefs, and provide Chinese

21st Century: The Local to Global Transformation, ed. Tim Niblock and Monica Malik (Berlin: Gerlach Press, 2013): 233.

⁶³ “UAE Gives Full Attention to Ties with China: Mohammed Bin Zayed,” *WAM Emirates News Agency*, July 14 2011. Accessed February 15, 2016, at http://www.uaeinteract.com/docs/UAE_gives_full_attention_to_ties_with_China_Mohammed_bin_Zayed/46138.htm

⁶⁴ “UAE, China to Enhance Trade, Tourism and Investment Ties,” *WAM Emirates News Agency*, October 24, 2011. Accessed February 15, 2016 at http://www.uaeinteract.com/docs/UAE,_China_to_enhance_trade,_tourism_and_investment_ties/47142.htm

⁶⁵ Sanandha Sahoo, “Chinese Tourists to Stream into Dubai Over the Next Decade,” *The National*, March 8, 2015. Accessed February 15, 2016 at <http://www.thenational.ae/business/travel-tourism/chinese-tourists-to-stream-into-dubai-over-the-next-decade>

⁶⁶ “Chinese Firm to Reward 16,000 with UAE Vacation,” *Gulf News*, April 3 2014. Accessed February 15, 2016 at <http://gulfnews.com/news/uae/general/chinese-firm-to-reward-16-000-with-uae-vacation-1.1314202>

newspapers and television channels.⁶⁷ The UAE's national carriers have expanded direct flights to China, with Etihad flying out of Abu Dhabi to Beijing, Shanghai, Chengdu, and Hong Kong. Emirates flies from Dubai to Beijing, Guangzhou, Shanghai, Yinchuan, and Zhengzhou.

Trade

Sino-Emirati trade relations have increased consistently and exponentially throughout the period of interdependence, but especially since China joined the WTO and became a more assertive international trade partner. During the 1990s trade flourished because of two factors: China's perception of the UAE as the center of regional trade in the Gulf, and the UAE's oil reserves, especially important as China had just become a net energy importer in 1993.⁶⁸ In 1990, bilateral trade accounted for a total of \$287 million, with exports to the UAE valued at \$246 million and exports to China valued at \$41 million.⁶⁹ By 2000, bilateral trade was with just under \$2.5 billion, and by 2012 it had reached over \$42 billion.⁷⁰ This trade has been used by both states to develop other facets of their relations; "the center of Sino-Emirati relations is trade, but the extraordinarily successful partnership has also influenced energy, military, political, and cultural ties."⁷¹

Throughout the 1990s energy was perceived as the future engine of trade relations, but it was not central to bilateral trade. Chinese leaders realized the need for a diversified international oil supply, and the UAE saw China as a long-term export market with tremendous potential for growth. However, other sectors drove commerce. At this point trade was still balanced in favor of China, with exports – mainly textiles, machinery, and electronics – valued at \$1.3 billion in 1997 against \$85 million in imports, mostly chemical fertilizers, aluminum, and crude oil.⁷² However, the president of Sinopec visited the UAE in 1997 and met

⁶⁷ Sahoo, "Chinese Tourists to Stream into Dubai"

⁶⁸ Huwaidin, *China's Relations with Arabia*: 249.

⁶⁹ Ibid: 282.

⁷⁰ International Monetary Fund, *Direction of Trade by Country: China*.

⁷¹ Olimat, *China and the Middle East*: 164.

⁷² Huwaidin, *China's Relations with Arabia*: 249.

with the UAE's Minister of Petroleum and Mineral Resources, and discussed China's interest in establishing joint cooperation projects with the UAE in petroleum industries, as well as its interest in developing a stronger relationship based on diversified energy imports.⁷³

By 2006, Sino-Emirati trade relations had moved to the ministerial level, with Emirati Minister of Economy Sheikha Lubna Al Qasimi meeting China's Minister of Commerce Bo Xilai at the China Export Commodities Fair in Guangzhou. She invited him to the UAE and expressed the view that, "the success of the UAE economy depends on diversification of income apart from oil, and cited the development of services in areas of finance, tourism and construction."⁷⁴ The ministers met again in Beijing in 2007, when Bo expressed China's plan to increase Chinese-Emirati bilateral trade and economic relations adopted three strategies: direct bilateral relations, within the context of a larger Sino-Gulf relationship, and as a component of Sino-Arab relations. Bo also expressed an interest in Chinese investment in developing specialized economic zones.⁷⁵ In the period since then, it is clear that relations have followed this framework. Trade increased from \$2.494 billion in 2000 to \$25.6 billion in 2010.⁷⁶ Each of the sectors mentioned by Sheikha Lubna in 2006 have been pillars of bilateral trade, and the UAE has served as a regional hub for China as Bo discussed.

⁷³ Ibid: 250.

⁷⁴ "FTA Talks Between UAE, China Necessary: Lubna," *Khaleej Times*, October 17, 2006.

⁷⁵ "UAE, China Discuss Stronger Economic, Trade Relations," *WAM Emirates News Agency*, April 20, 2007. Accessed February 15, 2016 at

⁷⁶ IMF, *Direction of Trade by Country: United Arab Emirates*

Table 7.1 Sino-Emirati bilateral trade value, 2000-2012

Sino-Emirati Bilateral Trade, 2000-2012 (millions of U.S. dollars)			
	Value of UAE Exports to China	Value of Chinese Exports to UAE	Total Value of Bilateral Trade
2000	378.24	2054.1	2432.34
2001	406.92	2228.6	2635.52
2002	404.88	2477.1	2881.98
2003	704.45	3804.8	4509.25
2004	1185.95	7527.52	8713.47
2005	1859.51	9606.2	11465.71
2006	2541.55	12552.59	15094.14
2007	2733.19	18739.72	21472.91
2008	4206.42	25920.31	30126.73
2009	2351.14	20502.21	22853.35
2010	3966.52	23361.62	27328.14
2011	7508.46	29500.70	37009.16
2012	9834.77	32,532.69	42367.46

(IMF, Direction of Trade by Country)

As trade volume increase, China's presence in the UAE has increased with it. There are more than 4200 Chinese companies in the UAE, the most in the Gulf, and over 200,000 Chinese expatriates living and working there.⁷⁷ China's four largest banks - Industrial & Commercial Bank of China, Agricultural Bank of China, Bank of China, and China Construction Bank - have opened branches in Dubai's banking free zone, and Dacheng Law Offices, the largest law firm in Asia, established a partnership with Hussein Lootah and Associates, a Dubai law firm to service Chinese companies looking to invest in Gulf companies and in the oil and gas sector.⁷⁸

One of the most important Emirati centers for Chinese business is Dubai's Jebel Ali Free Zone (JAFZA), which is the world's largest free zone and the third largest re-export hub in the world, behind Singapore and Hong Kong. The Jebel Ali to Tianjin trade route has become the busiest between East Asia and the Gulf.⁷⁹ For China, JAFZA is a crucial hub linking it to the Middle East, North and East Africa, and Europe; as a re-export hub, approximately sixty percent of China's

⁷⁷ "Dubai, China Trade Work DH135 Billion," *Gulf News*, May 17, 2014.

⁷⁸ "China-GCC Trade Expands from Goods to Financial Field," *Xinhua*, February 25, 2013. Accessed February 15, 2016 at http://usa.chinadaily.com.cn/business/2013-02/25/content_16253609.htm

⁷⁹ Scott, "China's 'One Belt, One Road' Strategy."

trade passes through JAFZA.⁸⁰ As such, Chinese firms have been establishing regional offices in JAFZA. In 2002 there were only 15 Chinese companies located in Jebel Ali; by 2012 there were 132, including many of China's largest firms: CNPC, Sinopec, Petrochina, China Ocean Shipping Corporation, China Railway Engineering Middle East, and the China State Construction Engineering Corporation.⁸¹ For Chinese companies, the UAE provides strategic benefits. It is seen as "a stable gateway with little political risk to Middle Eastern markets and a good place to position themselves between East and West."⁸² The UAE's reputation as a stable business environment is important, as its business-friendly atmosphere provides a contrast to that found in Saudi Arabia. A Chinese representative with Emirates NBD, a Dubai bank, explained the attractiveness of the UAE as a Chinese regional business hub: "The infrastructure is very good and also the culture there makes it easier. Chinese companies use Dubai as a gateway to the MENA region. In more traditional countries like Saudi Arabia, there are fewer Chinese companies, as they find it more difficult to manage the cultural differences."⁸³

Another indication of the importance of the UAE trade relationship is the banking and currency services being offered in Emirati banks: accounts and financing in Chinese Yuan. The UAE dirham is pegged to the USA dollar, and as such, most of the UAE Central Bank's assets are dollar dominated. However, as trade flows began to increase between China and the UAE, the Central Banks from both countries began discussing a potential Emirati purchase of Chinese assets in Yuan, allowing for a greater use of the currency in bilateral trade and investment.⁸⁴ During Premier Wen's visit in January 2012 the two Central Banks signed a currency swap agreement moving 35 billion Yuan, or \$5.5 billion, over

⁸⁰ Ibid.

⁸¹ Ibid. The number of Chinese firms with a presence in JAFZA has increased dramatically since 2010, with 27 companies entering in 2013, and 79 in 2014, bringing the total to 238.

⁸² Ibid.

⁸³ Dominic Dudley, "A New Silk Road," *Bloomberg Businessweek*, August 16, 2014.

⁸⁴ Tom Arnold, "UAE Mulls Plan to Buy Chinese Currency," *The National*, May 29, 2011. Accessed February 15, 2016 at <http://www.thenational.ae/business/banking/uae-mulls-plan-to-buy-chinese-currency>

three years.⁸⁵ Although as of December 2015 the swap had yet to be activated, in a state visit that month to Beijing from Crown Prince Mohamed Bin Zayed Al Nahyan the commitment to the swap was renewed.

While the UAE's economy is still largely based on energy exports, China has found it a lucrative trade partner across a range of economic interactions. This diversified approach to trade as well as the UAE's role as a stable, business-friendly hub linked to the Gulf and Middle East, makes the Sino-Emirati commercial relationship important for the economy of both states.

Infrastructure and Construction Projects

China's role in infrastructure projects in the UAE is significantly smaller than that it plays in Saudi Arabia. However, increased political and trade interactions have facilitated a larger role for Chinese firms in the UAE. For example, in 2009 a state visit from Sheikh Mohammed Bin Zayed Al Nahyan led to an agreement between CNPC and ADNOC to cooperation on oil and petrochemical projects. This started relatively small, with a CNPC subsidiary winning a \$218 million contract for its first Abu Dhabi oilrig deal, supplying rigs for offshore drilling.⁸⁶ In 2012, another CNPC subsidiary won a contract valued at \$3.9 billion to build a 404-kilometer pipeline connecting the Habshan oilfield to Fujairah port. This pipeline's capacity is two million barrels per day, and is of great strategic significance. Located off the coast of the Indian Ocean rather than inside the Gulf, this allows the UAE to bypass the Straits of Hormuz in getting its oil to market.⁸⁷ In 2013, Sinopec helped finance the construction of an oil-storage facility, also in

⁸⁵ Oswald Chan, "Greater Yuan Currency Usage Urged for China-Middle East Trade," *China Daily*, January 23, 2013. Accessed February 15, 2016 at http://usa.chinadaily.com.cn/epaper/2013-01/23/content_16164678.htm

⁸⁶ Tamsin Carlisle, "China Awarded First Abu Dhabi Oil Rig Deal," *The National*, September 24, 2009. Accessed February 16, 2016 at <http://www.thenational.ae/business/energy/china-awarded-first-abu-dhabi-oil-rig-deal>

⁸⁷ Emma Scott, "China's 'One Belt, One Road' Strategy Meets the UAE's Look East Policy," *China Brief*, 15:11 (2015). Accessed February 16, 2016 at http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews%5Btt_news%5D=43961&tx_ttnews%5BbackPid%5D=25&cHash=39587fa60210df85bf10b1b2064e8559#.VYHmTc7Mofk

Fujairah port. This is the largest oil-storage facility in the region, with a capacity of 1.16 million cubic meters, and Sinopec leases half of it.⁸⁸

Conclusion: Explaining Change in Sino-Emirati Relations

Sino-Emirati relations have progressed from those between distant societies with little in the way of common interests to a strategic partnership characterized by dense levels of interdependence. This change can only be understood as a response from leaders in both countries to international and domestic political pressures. During the period of indifference, there was nothing in the way of domestic gains to be found for either side by pursuing relations with the other, and systemic pressures rooted in the Cold War bipolar structure and their opposing alignments meant that international political considerations dominated relations during this time. During the period of hostility, China's interpretation of international pressures led to an aggressive regional policy which threatened the status quo and enhanced the perception of Emirati leadership that China was a dangerous external actor. During these two periods, a structural theory can explain much of the relationship between China and the territory that would become the UAE.

As in the cases of Saudi Arabia and Oman, it is during the transitional period when we see the beginning of a more complex relationship in which both domestic and international pressures explain the improved relations between China and the UAE, although international pressures still played a dominant role. China's appreciation for the status quo within the Gulf, triggered largely by the interpretation of an unstable Gulf as a Soviet gain, and therefore a threat to Chinese interests, led to a more positive regional activism for China, albeit on a relatively small scale. This transition in the 1970s intensified after Emirati leadership saw evidence of the benefits of a relationship with China, due to Omani diplomatic efforts to bring China closer to the Gulf monarchies' position in the

⁸⁸ "Fujairah Established as Fuel Storage Fulcrum," *The National*, March 14, 2013. Accessed February 25, 2016 at <http://www.thenational.ae/business/energy/fujairah-established-as-fuel-storage-fulcrum>

Iran-Iraq war. The establishment of diplomatic relations in 1984 demonstrated domestic benefits, primarily through increased trade, as well as mutual international benefits.

During the period of interdependence, the nexus of domestic and international pressures has become central to understanding why leaders in both China and the UAE see this relationship as important for the interests of their states. This demonstrates the effectiveness of a neoclassical realist approach to analyzing Sino-Emirati relation. Trade has been the central pillar of Sino-Emirati relations, making each state increasingly important to the economic strength of the other and contributing to ongoing domestic stability. China provides the UAE with a stable, long-term energy customer and is its largest source of imports, much of which generates re-export revenue for the Emirates. The UAE provides China with energy, an important export market, and crucially, a regional base of operations that gives Chinese firms a greater presence throughout the Arabian Peninsula and Middle East. This will become more important as China's One Belt One Road initiative starts to take shape. In terms of political and diplomatic interactions, leaders and officials from both states meet frequently on a wide range of issues. Over the course of this period of interdependence, China and the UAE built upon trade relations to strengthen political cooperation, evident in the strategic partnership announced in 2012. People-to-people interactions, important for the PRC as a soft power initiative, has been an important element of Sino-Emirati relations, as language training, cultural and religious exchanges, and importantly, Chinese tourism, are creating opportunities for relationships to develop at the non-elite level. Projects and infrastructure play a minor role in China's relations with the UAE, especially when measured against Saudi Arabia, yet as noted, many of the firms operating in Saudi Arabia are using JAFZA as a regional base of operations. Finally, in terms of military and security interactions, there is little evidence of a growing Chinese role as a security partner for the UAE. However, given the range of Chinese interests in the UAE, its large population of Chinese expatriates, and significant commercial interests, it is not unreasonable to assume that Chinese leaders perceive the UAE as a strategically important partner, and that its continued security is in China's interests. As such, closer

participation involving a security dynamic could be a feature of Sino-Emirati relations in the future.

Chapter Eight: Conclusion

This dissertation began by asking what motivates Chinese leaders to pursue stronger relations with the Gulf Cooperation Council member states. In addressing this question, others arose: what motivates GCC leadership to develop stronger ties to China? Can these relations be explained as a reaction to systemic political pressures, domestic political pressures, or a combination of both? And what kind of role can China be expected to play in the region, given the extensive presence of the USA in the Gulf?

The second chapter, including a review of the existing literature on China-GCC and China-Middle East relations as well as the research design, theoretical approach, and methodology, indicated a gap in the academic work on China's relations with the GCC. Much of what has been published focused on the Middle East as a region rather than the Gulf as a sub-system within that region, meaning that a detailed analysis of China's relations with the GCC states is lacking. The one text that specifically analyzes China-GCC relations, Huwaidin's *China's Relations with Arabia and the Gulf, 1949-1999*, offers a deep and broad historical analysis, yet from a structural realist perspective, and as such domestic political variables that affected decision-makers, especially from the Chinese perspective, do not play a role in his approach. As is discussed in the methodology section, unit-level variables are important in understanding the international political behavior of Chinese political elites, as well as that of each of the GCC states. This informed the choice of neoclassical realism as a theoretical approach to this dissertation.

Chapter three, "The International Politics of the People's Republic of China: A Neoclassical Realist Analysis," built upon this theme, explaining the relevance of neoclassical realism for the purposes of this study and why two frequently used theoretical approaches – neorealism and constructivism – do not adequately explain the growth in China-GCC relations. Systemic logic was prevalent – but not exclusively used – in foreign policy under Mao. However, with the leadership transition from Mao to Deng, there was a realization among CCP political elites that their hold on power required economic reform and development. The

resulting Era of Reform, based on the Four Modernizations (*si ge xiandaihua*) and the Opening Up Policy (*gaige kaifang*), changed the international political calculus to give more weight to domestic political concerns in shaping foreign policy. This consolidated the PRC's integration into the liberal world order and its acceptance of the international status quo as the best means for achieving national wealth and power. The appreciation of the benefits of systemic participation demonstrates the importance of unit-level variables in understanding China's international political orientation, in this case the importance of elite perceptions of systemic pressures. The Era of Reform represented a significant policy shift for the PRC and was indicative of a change in elite perceptions of the Chinese state's power rather than a change in the international distribution of power. A structural realist approach would not weigh this important unit-level variable. Nor would it account for the important unit-level variable of elite perceptions of domestic political pressures that are associated with the CCP's performance legitimacy approach to governance and the internal separatist pressures from Tibet and Xinjiang. An assessment of China's international political choices that does not include these unit-level intervening variables cannot adequately explain why relations with the GCC are becoming an important feature of the PRC's foreign policy.

Chapter four, "The Gulf Security Environment: A Neoclassical Realist Analysis," followed the same logic but from the perspective of the GCC states. In many respects, the balance of power logic that has long dominated the Gulf seems to represent a nearly pure embodiment of power politics. The states of the GCC, working in concert, have balanced with Iran against Iraq when Iraq held hegemonic aspirations for the Arab Gulf states, and then with Iraq against Iran when Iran's revolution repositioned it from a status quo to a dissatisfied power. However, as with China, a systemic logic can only partially explain the foreign policy of GCC states, as the domestic political pressures in each of them, to varying degrees, shapes their leaders' perceptions of the security environment. In each of the GCC states, the most significant domestic consideration is the nature of the rentier state, with its implicit ruling bargain of material incentives for citizens in order to maintain a political system in which they have little direct participation. The pressure to maintain this costly system means GCC states must link their

political survival to international trade partnerships. In this approach, their appreciation for denser ties with China becomes apparent, as China has become in a relatively short time the most important long-term external economic actor for the GCC.

Having established that for both China and the GCC closer ties are a reflection of both international and domestic political logic, chapters five, six, and seven presented case studies analyzing China's relations with Saudi Arabia, Oman, and the United Arab Emirates. The historical analysis shows that there was a consistent pattern of engagement between China and the three states in the study, a pattern that is the same for the remaining three GCC members, Bahrain, Kuwait, and Qatar. From the foundation of the PRC in 1949 to the beginning of the Cultural Revolution, the Arab Gulf monarchies held little strategic significance for Chinese leadership. Opposing Cold War alliances, the Chinese perception of colonial leadership in the Gulf, Gulf societies' reflexive mistrust of communism, and accounts of mistreatment of Muslims under the CCP all contributed to a mutual indifference. During this period, the bipolar Cold War system can therefore explain much of the lack of interaction between China and the Arab Gulf monarchies.

With the advent of the Cultural Revolution, indifference became hostility, as China's revolutionary foreign policy targeted Oman, and in the process, threatened to disturb the regional status quo. This period of hostility was also largely a reflection of systemic logic as the PRC's revolutionary zeal was linked to its worsening relations with the Soviet Union. While the domestic consequences of the Cultural Revolution cannot be overstated, the domestic benefits of Chinese support for the Dhofari rebels were minimal, meaning the PFLOAG was perceived in China as a means of meeting international political objectives, in this case weakening the Soviet Union's role in the Middle East and attempting to create a bloc of states aligned with China's revolutionary position.

This changed in 1971 as China began to transition from a revolutionary actor in the Gulf to a status quo power. This period of transition also began as a response to systemic pressures, this time the designation of the Soviet Union as China's 'principal enemy' and its rapprochement with the USA. This recalibration of China's international political orientation was taking place at the same time the

UK was leaving the Gulf, creating in China the fear that the USSR could gain from this British exit, making support for the regional status quo more a reflection of a perceived benefit for the Soviets rather than a newfound appreciation for a stable Gulf. During this transition period, a domestic political factor came into China's approach to the Gulf as well, as the Era of Reform started to give weight to the necessity of active participation in the international system in order to strengthen China economically, and by extension, politically. As the PRC demonstrated its willingness to support the Arab Gulf monarchies and play a constructive regional role, the political, economic, and security benefits for both China and the GCC became evident.

This led to a period of interdependence, in which both systemic and unit-level objectives are driving the relationship. The end of the Cold War and the unipolar system has contributed to a hegemonic stability in which the GCC states and China have all benefited tremendously from the international status quo. China's entry into the World Trade Organization has elevated its economic status in the Gulf, and its trade with the GCC is projected to continue to grow at a previously unimaginable rate. As the GCC states use revenue from their energy exports to develop, Chinese firms are heavily involved in construction and infrastructure projects across the Arabian Peninsula. Its soft power initiatives have increased as well, although it is at a significant disadvantage given the primacy of American popular culture and English as a lingua franca in the region. Its political involvement in the Gulf is increasing, and GCC member states are aligning their policies with China's, with five of six GCC states having joined the Chinese-led Asian Infrastructure Investment Bank and all expressing support for its One Belt, One Road initiative.

The case studies indicated that of the three, the relationship with Saudi Arabia meets a greater range of Chinese interests, and is the most important regional partner for China. There is a greater level of political and diplomatic cooperation between the two states, reflected in the frequent meetings and interactions. Saudi Arabia is also a tremendously important trade partner for China, representing sixteen percent of its crude oil imports. It is China's largest trade partner in the Gulf, and China is Saudi Arabia's largest source of both imports and exports. The volume of bilateral trade has increased from approximately \$3.1

billion in 2000 to over \$74 billion in 2012. In terms of construction and infrastructure projects, Saudi Arabia is also the most important GCC state for China, with the greatest number of projects, the largest value of projects, and the high profile of projects such as the Mecca-Medina hajj railway. The people-to-people interactions also play a key domestic political role for China, as Saudi Arabia's leadership role in international Islam and its close relations with the PRC is a legitimizing factor for Chinese Muslims. That Saudi muftis do not condemn China or issue fatwas for its treatment of Uighurs is another instance of the Sino-Saudi relationship providing China with domestic political benefits for the PRC. Finally, while the USA remains the most important external actor in Saudi Arabia's foreign and security policy, the 2007 Chinese missile sale indicates the potential for a larger security dynamic in the relationship.

The UAE does not meet the same broad range of Chinese interests that Saudi Arabia does, but it is nonetheless a significant relationship. The elevation of ties to a strategic partnership in 2012 and the corresponding range of issue areas in which the two states pledged to cooperate indicates the importance both sides attach to bilateral relations. Unlike in Saudi Arabia, people-to-people interactions with the UAE do not meet the same domestic objectives, although in its educational and cultural endeavors and tourism it is a more well-rounded soft power strategy. There has also been little in the way of weapons sales or a larger security relationship, although they signed a bilateral agreement on military cooperation during Premier Wen's 2012 state visit. Likewise, the UAE does not feature prominently in China's construction and infrastructure projects. However, Sino-Emirati trade overshadows these areas where the relationship has developed more slowly. Bilateral trade with the UAE is not valued as much as with Saudi Arabia, but the diversity of the trade and the UAE's role as a re-export hub is noteworthy. Also important is the use of the UAE as a regional base of operations for Chinese firms conducting business throughout the Gulf and Middle East. The impressive growth in the number of Chinese companies and expatriates in the UAE indicates a corresponding increase in China's use of the UAE's financial and transportation infrastructure as a hub in the One Belt One Road strategy.

Sino-Omani relations can be explained with energy and geography. Bilateral trade is imbalanced to a remarkable degree. China receives forty-three

percent of Oman's exports, nearly all crude oil, accounting for ten percent of China's oil imports. China supplies six percent of Oman's imports. Overall, China is by far Oman's most important trade partner, and Oman is China's fourth largest trade partner in the Middle East. There are few Chinese companies operating in Oman, and Chinese firms are playing no role in the infrastructure projects the Omani government is currently implementing, other than selling heavy machinery. People-to-people interactions are minimal, indicating that PRC leadership does not perceive a soft power initiative as important in Oman. The political relationship reflects the trade relationship: Oman sends high-ranking officials to China regularly, but Chinese representation in Oman is at a much lower level than the UAE and Saudi Arabia. The one issue area beyond energy where the relationship is growing is an important one, however: security and military cooperation. Oman's role in the Maritime Silk Road component of the One Belt, One Road has already been established through the frequent use of its port facilities in Sohar and Salalah during the PLAN's CNET mission, and with the announcement that China is building a port in Djibouti, Oman's role as a port of call for the PLAN will increase in importance. Its Indian Ocean access also makes Oman a crucial regional partner for China, as it provides a means of bypassing the Strait of Hormuz in getting Gulf oil to market. As in the cases of Saudi Arabia and the UAE, Oman can anticipate an increase in interactions with China as the One Belt, One Road initiative is implemented.

To answer the questions posed at the start of this dissertation, then, Chinese leaders are motivated to build stronger ties to the GCC member states in order to achieve a range of international and domestic objectives. Energy has become a major part of trade, but as the case studies demonstrate, China has been playing a role in the Gulf longer than it has been importing Gulf oil. Nonetheless, Gulf energy has been important in driving Chinese development, which in turn has been a major factor in China's economic growth. As China's energy consumption is projected to continue increasing, Gulf exports to China will continue to be a significant element of Chinese energy security.

There is, however, more to the relationship than oil, as this dissertation has made clear. Non-energy trade, regional infrastructure contracts, foreign direct investment opportunities, and Islam all factor into a larger Chinese relationship

with the GCC, and all contribute to domestic stability, either through economic growth and development required by the performance-based legitimacy required for the CCP, or to assist with domestic stability among China's considerable Muslim population. As such, the Sino-GCC relationship clearly provides domestic political benefits for China. It has also met international political objectives for China in its Cold War foreign policies to balance against the USA, USSR, or both, and its post-Cold War policy of using participation in the features of the international system to increase its wealth and power. In terms of its continuing role in meeting China's international political objectives, the GCC provides a stable sub-system in an unstable region, and China's relationships with the GCC states, especially Saudi Arabia, with its leadership role in the Arab world, are important in building a larger presence within the Middle East, which is clearly an important region in the One Belt, One Road plan.

In answering the secondary questions posed at the beginning of this dissertation, it has become clear that Gulf leaders see an increased Chinese role in the region as helping them meet their own international and domestic political objectives. China represents diversification, both political and economic. Security alliances with the USA have been a central pillar of security and foreign policy for the GCC states, but as the relationship continues to evolve, there is a perception in the Gulf that a more diverse set of actors with an interest in Gulf security is necessary, and given China's economic interests and position as an emerging global power, it is a reasonable assumption that it would perceive a stable Gulf as being in Chinese interests. This partially addresses the final question: what role can be expected of China in the Gulf? Clearly, China's interests in the Gulf are intensifying, as are its interests across the Indian Ocean. The One Belt, One Road initiative projects to use the Arabian Peninsula to link China to Africa and Europe, making it a key hub for the PRC's signature foreign policy initiative under President Xi. Given the weight attached to this policy, it is likely that China's interest-based approach to the Gulf will continue as China continues to create a larger international role for itself.

Finally, what conclusions can be drawn from the theory used for this dissertation? Neoclassical realism was chosen in order to address the important unit-level variables that neorealism does not, while at the same time accounting

for the strategic element of the relationships that are rooted in material power considerations, which constructivism emphasizes less. Bringing the unit-level intervening variables into the analysis provides a depth that a purely structural study lacks. A neoclassical research program for studying both Chinese and Arab Gulf monarchies' international relations provides interesting possibilities. In terms of possible Chinese studies, OBOR must be seen as both a strategic initiative based upon systemic logic while at the same time addressing domestic economic pressures; neoclassical realism would provide a useful analytical framework for researching OBOR. The China-Pakistan Economic Corridor, for example, extends China's geostrategic reach to the Arabian Sea, potentially providing the PRC with access to Persian Gulf oil through Pakistan's Gwadar port. At the same time, by taking a more active role in economic development in Pakistan, the PRC government expects Pakistani assistance in addressing the Uighur issue; many Uighurs live in Pakistan and easily cross a porous border. This corridor in OBOR therefore represents an example of the systemic-domestic nexus in Chinese foreign policy calculations, and can be an interesting case with which neoclassical realism provides a theoretical framework of analysis. In terms of studies on the international political behavior of the GCC member states, there is a wide range of current issues that could be analyzed through neoclassical realism, including the decision to intervene in Yemen, the fight against the Islamic State, the GCC's hostility toward the Muslim Brotherhood government in Egypt and subsequent support for the military government under President Sisi, and the GCC's actions against the Assad government in the Syrian war. The responses of the Arab Gulf monarchies in each of these cases can only be understood as a response to systemic pressures and possible domestic consequences. There are therefore further possibilities for International Relations studies on the GCC adopting a neoclassical realist framework.

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