

is, however, still a major producer of oil (and other natural resources). China holds Asia's largest oil reserves<sup>7</sup>. The problem is that its demand is so high and increasing, China still needs to import oil because its own reserves are not sufficient. Datta and Vigfusson foresee that due to its size and rapid economic growth, China will continue to be of primary importance in determining the path of global oil demand. China's future demand for oil will depend on both its economic growth and its energy choices. A high level of growth combined with energy-intensive choices could result in Chinese oil demand doubling by 2025. Even in a scenario with more moderate growth and less energy-intensive choices, China's oil demand would still grow by over 30% by 2025<sup>8</sup>.

In 1959, the discovery of the Daqing oilfield in Chinese territory had initially reassured China that oil supply would not be an issue for the Chinese economy and would help maintain self-sufficiency. However, due to intense economic growth in the 1970s, China became an importer of oil by 1993<sup>9</sup>. In addition, reformist leader Deng Xiaoping was convinced that the only path forward for China was economic modernization—which is fuelled by petroleum—and made his idea the centerpiece of China's domestic and foreign policy<sup>10</sup>. According to the International

Energy Agency (IEA), China's oil demand reached 10-12 million barrels per day in 2017<sup>11</sup> and Bloomberg reported in 2013 that China had overtaken the United States as the world's highest energy-using economy, with imports and exports reaching \$3.87 trillion USD<sup>12</sup>. Similarly, British Petroleum Statistical Review of World Energy 2014 indicates that China was the world largest producer and consumer of energy overall in 2013<sup>13</sup>. However, China only produces 44 percent of the oil it needs<sup>14</sup>. As energy shortfalls could slow down and even stop China's growing economy, China's top priority since the 1990s has been to secure steady foreign oil supplies to fuel its economy<sup>15</sup>.

With its large oil reserves and its geographical proximity to Asia, the Middle East is a logical candidate to sustain Chinese economic growth. The Asian continent imports more crude oil than any region in the world and is currently the single most important market for Persian

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China and the Middle East: *From Silk Road to Arab Spring*. Reprint Edition, New York, Routledge, 2015. Pp. 53

<sup>11</sup> Gross Samantha, Lower for Longer: The Implications of Low Oil and Gas Prices for China and India, Foreign Policy At Brookings. 2017, pg 17)

<sup>12</sup> Bloomberg Business., "China Eclipses U.S. as Biggest Trading Nation." (2013) [Online] Available from: <http://www.bloomberg.com/news/2013-02-09/china-passes-u-s-to-become-the-world-s-biggest-trading-nation.html> [Accessed 21 November 2015].

<sup>13</sup> British Petroleum. Statistical Review of World Energy Workbook, Oil: Trade Movements, Statistical Review of World Energy Workbook. London. (2014) <http://www.bp.com/en/global/corporate/about-bp/energy-economics/statistical-review-of-world-energy/review-by-energy-type/oil/oil-trade-movements.html> [Accessed 21 November 2015].

<sup>14</sup> Al-Tamimi, N. "China-Saudi Arabia Relations: Economic Partnership or Strategic Alliance?" Durham: University of Durham (*HH Sheikh Nasser al-Mohammad al-Sabah Publication Series 2*). (2012).

<sup>15</sup> Alterman, J. and Garver, J. (2008). *The Vital Triangle: China, the U.S., and the Middle East*. Washington, D.C.: CSIS Press. (2008)

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<sup>7</sup> Daojiong Zha and Meidan Michal, China and the Middle East in a New Energy Landscape, The Royal Institute of International Affairs, 2015. Pge 26

<sup>8</sup> Datta D Deepa and Vigfusson Robert J., *Forecasting China's Role in World Oil Demand*, FRBSF Economic Letter, Research from Federal Reserve Bank of San Francisco, 2017. Pg 5

<sup>9</sup> Sager, A. "GCC-China Relations: Looking Beyond Oil-Risks and Rewards," in *China's Growing Role in the Middle East: Implications for the Region and Beyond*. Eds. A. Sager and G. Kemp. Washington, DC: The Nixon Center. (2010)

<sup>10</sup> Shirk, S. L. *How China Opened Its Door: The Political Success of the PRC's Foreign Trade and Investment Reforms*. Brookings. (1994); Olimat Muhammad S.,