

poured in while Saudi Arabia invested in China's downstream refining business. In fact, Saudi Arabia planned to develop supply contracts through mutually beneficial joint-venture investments in exploration, refining, petrochemicals, and infrastructure projects<sup>72</sup>. As energy sits at the core of Saudi-Chinese cooperation, it covers a wide umbrella of oil processes, whether oil imports, upstream, downstream, oil reserve tank building, and refining petrochemical industries. In sum, Saudi Arabia provides oil while China offers consumer goods, services, markets, and oil imports. While China is increasing its oil imports from Saudi Arabia, the latter is "more than delighted" to increase its oil exports and production capacity as it announced its "willingness, ability, and desire to increase production capacity to meet any demand caused by the decline in Iranian oil export."<sup>73</sup>

#### *The New Rivalry between China and the United States*

The U.S. and Saudi Arabia have long had a privileged relationship mainly based on trade partnership, and especially oil. However, the 9/11 attacks and the proven involvement of Saudi citizens in international terrorism caused tension in the Saudi-U.S. relationship. At the same time, Sino-Saudi relations intensified and Saudi leaders began to view China as a convenient alternative, especially with regards to the Beijing Consensus and its policy of strict non-interference in Saudi Arabia's internal affairs, which contrasted with Washington's drive for constant political reform. Politically, both China and Saudi Arabia felt threatened by U.S. insistence on global political norms, as

both countries maintain state control over the media and civil society on grounds of political and social stability<sup>74</sup>. However, Saudi Arabia still maintains a special relationship with the United States and both governments continue to cooperate on several security issues. Nonetheless, the economic reality is that United States' demand for oil is constant and the Washington Consensus constantly raises tensions. These factors increasingly push Saudi Arabia to rely more on China.

## VI. SINO-IRANIAN OIL POLICY

Due to decade-long economic sanctions under United States' watch, Sino-Iranian relations have received particular attention. As one of four countries that imported Iranian oil in 2014, China has been receiving the largest share of the pie. On Iran's side, the collapse of the Soviet Union combined with international sanctions, slow economic growth, and under-developed oil and gas industries, have all encouraged Iran to look east for new partners<sup>75</sup>.

China's oil imports from Iran started in the 1960's. After the Iranian revolution, China assisted Iran in rehabilitating its oil and gas fields especially by importing some of its oil technology. China helped Iran maintaining and upgrading three of its oil refineries in 2000, tapping into oil reserves in the Caspian Sea Basin and the gas fields of the Persian Gulf<sup>76</sup>. Since then, China has been following two major projects in Iran: the North Pars gas field and the Yadavaran oil field. In 1997, China entered the Iranian energy sector by bidding

<sup>72</sup> Sager, Abdulaziz. 2010. 'GCC-China Relations: Looking beyond Oil-risks and Rewards', in Abdulaziz, Sager, Geoffrey, Kemp (eds), *China's Growing Role in the Middle East*. Washington, DC: Nixon Center, 2010, Pp. 18.

<sup>73</sup> Olimat Muhammad S., *China and the Middle East: From Silk Road to Arab Spring*, Reprint Edition, NewYork, Routledge, 2015. Pp.159.

<sup>74</sup> Alterman & Garver, *The Vital Triangle, China, The United States and the Middle East*, CSIS, Centre for Strategic and International Studies, Washington DC. 2008, Pg 64

<sup>75</sup> Chubin . 2010. Pp 24

<sup>76</sup> Olimat Muhammad S., *China and the Middle East: From Silk Road to Arab Spring*, Reprint Edition, NewYork, Routledge, 2015. Pp. 42