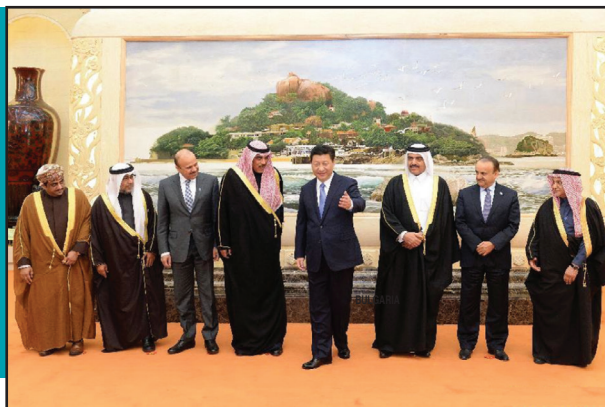


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The Strategic Position of the GCC Countries: The View from China

Jiuzhou Duan

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The Strategic Position of the GCC Countries: The View from China*

Jiuzhou Duan

Introduction

Since the 19th century, the geostrategic importance of the Arabian Gulf has been overwhelmingly security-centric, with access to the ports for Eurasian land powers and the vast energy resources discovered there after WWII being the main focus. The United States has played a dominant role in the region, particularly after the British withdrawal from there in 1971, and has developed a privileged partnership with the Gulf monarchies. However, after being a close ally of the Arab Gulf States for more than four decades, the US seems to be whittling down its role as domestic public opinion turns against its long-term Middle East engagements and the country becomes less dependent upon energy supplies from the Gulf.

On the other hand, in the two decades since it became a net oil importer, China has grown increasingly reliant on energy supplies from the Gulf, a part of the world which is prone to instability and where Beijing has little influence. The following questions arise: What are China's special national interests when it comes to the Gulf region? Does China see an opening when the US gradually reduces its role in the Gulf region and pivots to Asia? If China aspires to a bigger role in the Gulf, is it looking to play a role that serves as a counterbalance to the US global strategy?

* The author would like to thank Christian Koch and Radhika Menon from the GRC for their review and editorial help. He also expresses his gratitude for comments and critiques from Andrew Leber of Harvard University and Ying Yao of Tsinghua University.

In this paper, I will discuss in-depth the Chinese strategy in the Gulf especially in terms of US policy. By offering a historical overview of China-GCC relations, this paper first outlines China's major interests in the region. Then, it details Beijing's strategic concerns about US policies in the Gulf region as it emerges as an increasingly important stakeholder. The paper also provides an assessment of the Chinese balancing act in dealing with the Saudi-Iran regional competition. Finally, it outlines the prospective strategic advance in relations between China and the GCC countries especially in the context of the US global strategy shift.

China's Interests in the Gulf Region

Sino-Gulf relations were characterized by ideological divergence during the early decades of the Cold War. Before 1965, China kept a distance from the Gulf countries as they were part of the pro-US bloc, which was opposed to China's pro-Soviet socialist position. After the China-Soviet alliance broke down in 1965, China began to soften its pro-communist stance in the Gulf and adopt an increasingly pragmatic approach toward the region, embodied symbolically in its withdrawal of support to "The Popular Front for the Liberation of the Occupied Gulf" insurgent movement in 1971.¹ In the same year, China established official diplomatic relations with Kuwait and Iran who also shared its anti-Soviet stance.

The dramatic transformation in China's Gulf policy was not initiated until 1982 when the national delegation conference of the Chinese Communist Party proposed abandoning the international strategy of "Marxist class struggle" and prioritizing domestic "socialist modernization." With the focus turning to economic growth, China's demand for hydrocarbon products registered a rapid increase and it became a net importer of petroleum in 1993. Considering that the Gulf countries are major suppliers of global energy, trade and investment featured significantly in China's relations with this part of the world.²

Energy security constitutes the most important issue for China in the Gulf region. In 2015, China imported 7.4 million barrels per day (b/d), overtaking the 7.2 b/d imported by the US as the world's largest oil importing country. Energy giant British Petroleum has estimated that China's oil imports will increase to 13 million b/d, with its foreign oil dependence increasing to 75 percent by 2035.³ Also, of

1. Bingbing Wu, "Reflections on China-Arab Cooperation Forum Based on China-Gulf Relations," *Arab World Studies* (in Chinese), No.1 (2011): 12.
2. Matteo Legrenzi and Fred H. Lawson, "China's Gulf Policy: Existing Theories, New Perspectives," *Middle East Policy* 22, no.2, (2015): 59.
3. *BP 2035 Global Energy Outlook*, February 2015, <http://www.bp.com/content/dam/bp-country/>

China's total foreign oil imports, Middle Eastern countries account for a substantial 43 percent. Saudi Arabia serves as China's single largest oil-trading partner, supplying 15 percent of the country's total annual imports. Five out of China's top ten oil suppliers are located in the Gulf: Saudi Arabia, the United Arab Emirates (UAE), Iran, Iraq, and Kuwait.⁴ Although China is trying to diversify its energy supplies, it will remain dependent on the Gulf for years to come. Therefore, it is imperative for China to cooperate with the Gulf countries in order to guarantee stable energy supplies from the region.

Besides energy, China also has other parallel interests in the Gulf region, including political, economic and trade, and non-traditional security interests.

Politically, China needs the Gulf countries to understand its position on the issue of national unity, and desist from supporting the various separatist forces; at the same time, China needs moral support from the Gulf countries on some issues at the regional and international levels. As highlighted by the Chinese media recently, the joint declaration signed by China and the Arab states at the 7th China-Arab Cooperation Forum held in Doha voicing Arab states' support for China's position in the South China Sea disputes has been celebrated by the Chinese side as a big diplomatic achievement in preserving China's territorial sovereignty.⁵

Economically and commercially, with some of the world's highest per capita incomes, the Gulf region is a vast and attractive market. The Gulf countries have a growing young population, which means stronger consumption demand. Thus, the Gulf region constitutes an important destination for China's foreign investment. Thanks to mutual trust and coordination at the governmental level, Chinese companies are generally welcomed by the Gulf countries and face less hindrance for security reasons than they do in the West.

In term of non-traditional security interests, the Gulf countries are among China's important partners in the fight against extremism and violent terrorist forces. Such cooperation aims not only at preventing foreign extremists and violent terrorist

zh_cn/Download_PDF/EnergyOutlook2035/EO%202035%20booklet%20FINAL.pdf.

4. Chaoling Feng, "Embracing Interdependence: The Dynamics of China and the Middle East," Brookings Doha Center, April 2015.
5. In May 12, 2015, the 7th ministerial conference of China-Arab Cooperation Forum in Doha passed a joint "Doha Declaration." The declaration emphasizes that "Arab states support China and related countries to solve territorial and maritime disputes peacefully by friendly negotiation and consultation according to their bilateral agreements and consensus; Arab states respect the right of sovereign states and members of the United Nations Convention on the Law of the Sea to choose dispute resolution autonomously." (Translated from Chinese), http://news.xinhuanet.com/2016-05/13/c_128979165.htm.

forces' penetration into China, but also at protecting the Chinese people and interests overseas from these violent groups. In an interview to this author, a Chinese official said that China had newly set up a bureau of security affairs within its embassies in the Gulf region in order to strengthen information exchange and policy coordination with local countries.

America's Changing Policies in the Gulf Region

When one talks about China's role in the Gulf, it is important to also discuss US strategy in the region. The US is not only an integral part of the current strategic situation in the Gulf, but also a key force in shaping the developments in this region.

The US role in the Gulf region widened after the British saw their ability to defend their interests in the region swiftly decline in the late 1960s and withdrew from their "east of Suez" responsibility. The "changing of the guard" of responsibility from the UK to the US occurred over several decades from "an interval of relatively low commitment during the 1970s followed by two subsequent decades of increasing involvement and concern."⁶

During the Cold War, the strategy pursued by the US in the Gulf was shaped fundamentally by the US-Soviet strategic and ideological competition, which led to the close US alignment with the Arab Gulf monarchies.⁷ With the objectives of containing Soviet influence in the region and ensuring continued access to Gulf oil, the US took the responsibility for the security and stability of its local allies, which led to its "twin pillar" policy involving Iran and Saudi Arabia.

After the Iranian Revolution in 1979 and the Kuwait war in 1991, Iran and Iraq became "states of concern" or "rogue states" in the eyes of the US and its closest ally Israel,⁸ due to the conspicuous challenge they posed to the US constructed order in the region. Subsequently, containing regional anti-American powers, including state and non-state actors, became the core strategy of the US in the Gulf, and it was also welcomed by the GCC countries which felt the threats from their big neighbors more directly. By heightening international sanctions towards Iran and Iraq, and deploying ground forces in Gulf military bases, the US successfully achieved balance of power in the Gulf region during the last decade of 20th century.

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6. J. E. Peterson, "The Historical Pattern of Gulf Security," in *Security in the Persian Gulf*, edited by Lawrence G. Potter and Gary G. Sick (New York: Palgrave, 2002), 23.
 7. Marcy Agmon, *Post-Cold War US Security Strategies for the Persian Gulf* (Rand Corporation, 1993), 6.
 8. Lars Erslev Andersen & Yang Jiang, *Oil, Security and Politics: Is China Challenging the US in the Persian Gulf?* DIIS Report 2014:29,14.

The focus turned on US security interests in the Gulf after the 9/11 attacks in the US. Although US-Saudi relations cooled slightly due to the fact that a large number of the attackers were Saudi nationals, the Bush administration still relied on Gulf allies in its counter-terrorism campaign in the Middle East region, both financially and strategically. In return, the GCC countries received a solid strategic commitment from the US regarding their security and stability in spite of the turbulent situation in the region.

The turning point for US-GCC relations happened came in 2008, when the US witnessed the “shale gas revolution” and the global financial crisis simultaneously. In 2008, shale gas accounted for more than half of the US gas output, signaling decreasing US dependency on Gulf energy. At the same time, the economic decline that followed the financial crisis shifted America’s attention to its domestic issues, which put the durability of its Gulf policies in question. What deepened the US-GCC rift is the aftermath of the so-called Arab Spring, when the inconsistent policy and ambiguous stance of the US in the countries affected by the protests made the GCC countries skeptical about the US during a very turbulent period in the region. Just as Abdulaziz Sager, a Saudi intellectual and the chairman of the Gulf Research Center, put it, “Despite a long history of relations and mutual interest in the stability and security of the Gulf region, the GCC states and the United States look as if they are growing apart on an almost daily basis.”⁹

China’s Perspective on US Policy in the Gulf Region

In a strategic sense, the Middle East is an important global platform where emergent issues often turn out to be crucial opportunities to adjust relations between the big powers. Beijing has bargained hard, typically expecting a quid pro quo, and sometimes has obtained concessions in exchange for Chinese acquiescence to US moves in the Middle East.¹⁰ For example, after the 1989 Tiananmen Square incident, China faced a severe boycott from the West. But it was quickly relieved in large part due to the Gulf war in 1990-1991, which forced the US to seek China’s support as a permanent member of the UN Security Council and neutral mediator in the conflict. In the late 1990s and early this century, Sino-US relations went through a tense period, exemplified by the warplane clash in the South China Sea. But after

9. Abdulaziz Bin Sager, “Whither GCC-U.S. Relations,” *Arab News*, March 29, 2013, <http://www.arabnews.com/news/446395>.

10. Jon B. Alterman and John W. Garver, *The Vital Triangle: China, the United States and the Middle East*, Center for Strategic & International Studies, 2008, http://csis.org/files/publication/080624_alterman_vitaltriangle.pdf.

the 9/11 incidents in 2001, Sino-US relations progressed smoothly since China chose to support America's global anti-terrorism policy. Thus, with extensive and important interests in the Middle East, world powers easily get involved in major events erupting in the region, which in a way also brings opportunities to adjust their relations.

Notwithstanding this, China is concerned by US Gulf policy, as well as its Middle East policy in general. China's view is that the US strives to form a unipolar structure in the region by itself. Once having monolithic hegemony, the Middle East will cease to serve as platform for big powers to adjust their relations, as other non-dominant powers cannot compete for influence with the hegemon and then lose their diplomatic resilience and flexibility in the region. In that case, China has to seek alternative means to deal with tensions in crucial moments. On the contrary, a bipolar and multi-polar structure provides Chinese diplomacy with the required space and flexibility to win political support from the Middle East countries.¹¹ Additionally, one single power's deep influence over all major energy producing and exporting countries is a huge threat to China's energy security. As for economic and trade interests, the existence of unipolar hegemony might undermine China's economic cooperation and investment opportunities with regional countries.

Another Chinese concern regarding America's policy in the Middle East is that the US pursues democracy promotion, occasionally by means of regime change, which, in China's view, contributes to the ongoing turmoil in the region. In the latest China's Arab Policy White Paper released just before Chinese President Xi Jinping's visit to the Middle East in January 2016, Beijing summarizes its policy towards the Arab states as "four supports": China supports Arab states in following their chosen paths; in resolving the region's contentious issues through political means; in achieving a win-win and joint development with China; and in playing a bigger role in regional and international affairs and in more effectively safeguarding their legitimate rights and interests.¹² Unlike America's ideology-oriented policy, China prioritizes political stability and economic development over democratic transition in the region.

China between Saudi Arabia and Iran

China views Saudi Arabia and Iran as major powers in the Gulf region, as well as in the broader Middle East. In Beijing's regional calculus, keeping harmonious relations

11. Wu, "Reflections on China-Arab Cooperation Forum Based on China-Gulf Relations."

12. Full text of China's Arab Policy Paper (in Chinese), Xinhua News, January 13, 2016, http://news.xinhuanet.com/english/china/2016-01/13/c_135006619.htm.

with both countries and maintaining their political stability are in line with China's best interest. However, in the face of the complicated relations that Saudi Arabia and Iran have with the US, and their strategically contentious relations with each other, China often gets caught in a dilemma in navigating between Saudi Arabia and Iran.

First, China is unable to become a substitute for US power in the Gulf region, which makes the US factor overwhelmingly affect China-Gulf relations. For Saudi Arabia, the US military presence in region is the necessary guarantee for its own security because Saudi military power was not sufficient to defend its homeland over the past several decades, and the protection and assistance of US military played a vital role in the Saudis' 1960s Yemen war, 1990s Gulf war, and the recent Yemen war. China is not able to provide the same level of security protection as the US to Saudi Arabia though the latter's weight has increased significantly in China's interests in geopolitics, energy, trade, and non-traditional security. Therefore, Saudi Arabia's reliance on the US will ultimately prevent its relations with China from moving forward.

As for Iran, the US imposed long-term sanctions and isolated the Islamic Republic after 1979 and considers anyone relieving Iran from its severe economic situation as a challenge to the US Middle East strategy. Having its own disputes with the US in East Asia, China is reluctant to disagree with the US on another front, even though Iran almost certainly regards China as an additional layer of insurance in the event of future hostilities with the West.¹³ China's cautious approach towards Iran is conspicuously manifested by its consistent position on nuclear non-proliferation and its rejection of Iran's request for full membership in the Shanghai Cooperation Organization (SCO) in 2008.

Second, Saudi-Iranian divergence puts China in the delicate position of having to balance its Middle East policy. Historically China has been an outsider in the Sunni-Shia conflict; however, China's Muslim population has been influenced both by Saudi and Iranian Da'wah influence since China's "open door" policy in the late 1970s, which has generated divergent opinions on these two Islamic powers and their ideologies within the Chinese Muslim community. Therefore, the Chinese government consciously refuses to choose sides between Saudi Arabia and Iran in order not to provoke domestic complaints about any biased position.¹⁴ Besides

13. Kevjn Lim, "Iran Seen from Beijing," The Washington Institute for Near East Policy, June 11, 2015.

14. China's official position on regional conflicts is well illustrated in Chinese foreign affairs ministry's reaction to the severing of Saudi-Iranian diplomatic relations. Here I quote: "The Middle East situation is complicated, we express our great concern about it. We hope that the countries in the region remain restrained and calm, and properly resolve their differences through dialogue and

domestic opinion, China finds it difficult to achieve its “stability matters most” policy in the Middle East as it seeks not to offend either country. The Saudi-Iranian competition is largely reflected in the regional proxy war or opposition movements particularly after the “Arab Spring” in 2011; the most typical cases are the Syrian and Bahraini uprisings in which Saudi Arabia and Iran, respectively, have their vested interest to topple the government. In Syria and Bahrain, China only has minor business interests, but it is trying to minimize the spillover effect of instability in the region by advocating peaceful resolution and supporting status quo governments, which is not appreciated by the two sides.

Third, China does not perceive the Iran deal as the game changer to its relations with the Gulf countries. Admittedly, Beijing expects to enhance its cooperation with Iran after the nuclear deal brings sanctions relief to Tehran. For China, Iran’s geostrategic value is increased by its continental position astride China’s main overland bridge to the west, making it an indispensable anchor in the “One Belt, One Road” plan.¹⁵ Meanwhile, China has realized that sanctions relief also provides Iran with cooperation options with the West, which probably will challenge Chinese economic presence in Iran. In addition to the advanced technology and management skills that would become available, economic relations with the West are tempting to Iran given its historical familiarity with the western culture and its long-term aspiration to be accepted by the international community as a regional power. On the other side, Saudi Arabia will potentially begin to strengthen ties with China, hedging against its overreliance on the US. China would not miss the opportunity to project its global objectives with the help of Saudi Arabia. Paradoxical as it is, China’s balanced strategy between Saudi Arabia and Iran seems more likely to continue than betting adventurously on either side.

China’s Strategic Interests beyond Oil

During the last decade, China has already replaced the US as the largest trade partner of the GCC countries, with annual exports from China to the GCC estimated at \$60

consultations, in order to promote regional stability. This is consistent with the common interests of countries in the region. We notice that many countries in the international community have expressed similar concerns and positions.” (Translated from Chinese), http://news.xinhuanet.com/2016-01/05/c_1117677572.htm.

15. The Silk Road Economic Belt and the 21st-century Maritime Silk Road, also known as The Belt and Road (abbreviated B&R), One Belt, One Road (abbreviated OBOR), or the Belt and Road Initiative is a development strategy and framework proposed by Chinese leader Xi Jinping that focuses on connectivity and cooperation among countries primarily between the People’s Republic of China and the rest of Eurasia, which consists of two main components: the land-based “Silk Road Economic Belt” (SREB) and ocean-going “Maritime Silk Road” (MSR).

billion and \$101 billion from the GCC to China in 2012. While acknowledging that China's tremendous energy demand strengthens the strategic partnership between China and the GCC countries in trade and investment, one must notice that both sides are expecting economic diversification rather than staking their relations on depletable natural resources. Aside from importing oil and gas from the GCC countries, China also sees the region as a prospective partner in several other strategic aspects.

First, given that China and the GCC countries have highly complementary economies, and China's traditional markets like the US and the EU have shown a decline in commodity demand, Beijing considers the GCC countries as an alternative solution to keeping its foreign trade stable. According to Chinese Ministry of Commerce statistics, the trade volume between China and 22 Arab countries reached \$251.2 billion in 2014, and the six countries of GCC account for approximately 70 percent (\$175.25 billion).¹⁶ Based on the substantive exchange, China believes signing a free trade agreement, which has been proposed since 2004, could be mutually profitable and the negotiations are expected to be completed during 2016 as a result of President Xi's recent visit to Saudi Arabia and the GCC headquarters.¹⁷ Besides, there are two more incentives for China to build stronger economic relations with the GCC countries. Firstly, state-owned enterprises and government-related enterprises play a prominent role both in China and the GCC countries, and cooperation between them can boost the legitimacy of state capitalism in the world. Secondly, both China and the GCC countries are among the owners of the world's largest sovereign wealth funds. Compared to their enormous investments in the West's market and government bonds, both sides' mutual investments are too diminutive to be mentioned. It is fairly reasonable for China and the GCC countries to promote each other as political and economic stakeholders by reciprocal investment.

In addition, China expects the GCC countries to integrate their banking and financial system into the emerging Renminbi (RMB) zone, by handling payment, capital market, financial assets, trade and other business in RMB as a basic international currency. In 2015, the Chinese currency RMB was included in the basket of currencies which make up the IMF's Special Drawing Rights, or SDR, and the People's Bank of China (PBoC), the Chinese central bank, developed an independent cross-border

16. "Ministry of Commerce: China-Arab Trade Volume in 2014 Reached 251.2 Billion Dollars, Increased by 5.25%" (in Chinese), China.com, August 17, 2015, http://www.china.com.cn/cp-pcc/2015-08/17/content_36330062.htm.

17. "China-GCC FTA is Expected to be Reached within This Year"(in Chinese), *Beijing Youth Daily*, January 21, 2016, http://epaper.yynet.com/html/2016-01/21/content_179813.htm?div=-1.

payment and clearing system for the RMB, called the Cross-Border Interbank Payment System (CIPS). The move highlights the emerging internationalization of the RMB and the growing level of cross-border RMB business.¹⁸ Given that the GCC countries possess sophisticated financial institutions, China has taken steady steps to invite them as key partners in the process, exemplified by establishing the first offshore RMB clearing center of the Middle East region in Doha in April 2015 and then opening the second pilot center in Dubai in December of the same year.¹⁹ Moreover, with RMB-denominated contracts being used in the International Board of Shanghai crude oil futures exchange trading center,²⁰ the cross-border RMB investment in commodities and financial assets is becoming more popular. China is trying to persuade the GCC countries to incorporate their massive energy trade with East Asia into the center, aspiring to promote China's future pricing power in global energy markets.

Third, "promoting institutional reform in global governance" is among the goals of China's diplomacy.²¹ China considers the GCC countries as presumptive allies in building up emerging countries' political and economic clout on the global stage. Both China and Saudi Arabia are members of G20 which serves as the main platform for maintaining global economic stability and translating economic magnitude into a proportionate political voice. The reality, however, is that emerging countries' economic development cannot either be sustainable or transform their disadvantaged position in the world unless they narrow down the industrial and technological gap with the developed countries. And so, China and the GCC countries share similar interests on the issue of carbon emissions trading to acquire enough emissions quota for the industrialization of developing countries when negotiating climate change. With respect to technology, China seeks to promote in-depth cooperation with the GCC countries in renewable energy, including solar power, wind power and nuclear power, since the unique climatic and geographic environment of the GCC countries contains relatively advantageous conditions for renewable energy production and research. There has already been progress in this field such as the Chinese Academy of Science and SABIC's joint program on chemical material innovation and increasing

18. "Chinese Central Bank Has Introduced CIPS," Deutsche Bank, <https://www.db.com/specials/en/docs/chinese-central-bank-cips.pdf>.

19. "RMB Has Increasing Recognition in the Middle East" (in Chinese), *Xinhua News*, February 1, 2016, http://news.xinhuanet.com/finance/2016-01/02/c_128589214.htm.

20. Li Zhenjiang, E.V.P of Agricultural Bank of China, "Boarding the Express Train of RMB Internationalization on the New Silk Road Promoting Greater China-UAE Economic and Trade Cooperation," speech at the 10th Anniversary ceremony of DIFC, November 19, 2014.

21. Zhiqiang Zou, "Oil and Beyond: Sino-Saudi Strategic Economic Relationship," *International Journal of African and Asian Studies* 16 (2015).

solar energy product exports from China to the UAE. By collaborating in emerging technological innovation, China and the GCC countries could possibly amend their overdependence on fossil fuels and take the lead in a future industrial revolution.

Conclusion

Although the US-GCC alliance has been accustomed to ups and downs over the years, recent developments might imply an unprecedented structural change in their relationship. The most profound and significant event is the rise of Iran and the US-Iranian rapprochement signaled by the Iran nuclear deal in 2015. Being excluded and ignored in the negotiations with Iran, the GCC countries feel that their own strategic interests have been sidelined in US Middle East policy. Meanwhile, America's "pivot to Asia" strategy looks increasingly like a retreat from the Middle East. The renewed talk in American policy circles about "energy independence," this time with more credible evidence to back it up, just adds to Gulf worries that Washington has downgraded the Gulf region and that the pivot is really a retreat.²² So how does China view the purported change in US-GCC relations?

With respect to the divergent strategic judgments of China and the US, a leading scholar on nuclear security Li Bin encapsulates this difference precisely in one of his articles: "Unless the price is unaffordable, the US usually isn't reluctant to sacrifice economic interest for security interest. However, China evaluates economic interest as the same level with security interest, and sometimes economic interest even wins more attention."²³ Based on this perception, China does not expect the US to retreat from the Middle East in the near future due to the unceasing threat of global terrorism and, therefore, continues to cooperate with the US on issues of mutual concern, though there might be contradictions in their views from time to time.

Amidst accelerated tension in the South China Sea, China views the Gulf region as an alternative platform where it can act as a benevolent partner with the US. The stability of the GCC countries serves both China's economic interest and America's security interest. The two countries can reach consensus on several issues such as preventing conflict, counterterrorism, UN peacekeeping deployment, and economic development in the region. For China, cooperation with the US in the Middle East not only mitigates the risk of global power conflict, but also allows it to

22. Abdullah K. Al Shayji, "The GCC-U.S. Relationship: A GCC Perspective," *Middle East Policy*, No.3 (Fall 2014): 60.

23. Li Bin, *Understanding China's Nuclear Thinking* (in Chinese) (Beijing: Chinese Social Science Press, 2016), 10.

understand the complicated regional situation by learning from veteran stakeholders like the US.

Without doubt, China has gradually been constructing its unique vision for the Middle East region, the Gulf in particular, since current President Xi came to power. The “One Belt, One Road” initiative promulgated by the Chinese president conspicuously represents China’s ambition to promote prosperity in pan-Eurasian continent. Given the GCC countries’ strategic location at the junction of the land and maritime Silk Road, it is vital for China to bring constructive initiatives to the region rather than being confined to energy trade.

At the 6th China-Arab Cooperation Forum held in 2014, Chinese president Xi categorized China’s future cooperation with the Arab countries into a “1+2+3” structure, namely energy as the core, accompanied by infrastructure construction and investment facilitation, with breakthroughs in nuclear energy, aerospace, and renewable energy.²⁴ Chinese policymakers fully realize China’s advantages and weaknesses in engaging with the GCC countries. In terms of political maneuver, China is still inexperienced with little knowledge about the region. However, it has noticed the urgent need and intention of the GCC countries to achieve economic development and industrial growth, which is highly compatible with China’s manufacturing and innovation capacities. By participating in the GCC countries’ post-petroleum transformation and bonding their future prosperity with Chinese institutions, China is incrementally building up its competitiveness in the region.

24. Speech by President Xi Jinping at the opening ceremony of 6th China-Arab Cooperation Forum (in Chinese), *China News*, June 5, 2014, <http://www.chinanews.com/gn/2014/06-05/6249114.shtml>.

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