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# ENERGY AT THE HELM: XI'S VISIT TO SAUDI ARABIA, EGYPT AND IRAN

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The Chinese President Xi Jinping concluded his three-nation visit to Saudi Arabia, Egypt and Iran on January 23, 2016. This was the first visit of President Xi since he took charge of the Chinese leadership. Saudi Arabia, Egypt and Iran were last visited by the Chinese leaders, Hu Jintao (in 2009), Chinese Premier Wen Jiabao (in 2006) and Jiang Zemin (in 2002) respectively. Though these countries have always figured high in Chinese foreign policy calculations, the recent visit under President Xi's administration, have given bilateral relationships a fillip.

Just a few days before President Xi's visit, on January 13, 2016, China issued its first ever White Paper on China's Arab policy. The White Paper on China's Arab Policy hinted at China's multifaceted relations with the Arab countries; however, it seems energy still remains at the core. In the White Papers, it was stated, "China and Arab countries will adopt the "1+2+3" cooperation pattern to upgrade pragmatic cooperation by taking energy cooperation as the

core infrastructure construction and trade and investment facilitation as the two wings, and high and new technologies in the fields of nuclear energy, space satellite and new energy as the three breakthroughs".<sup>1</sup> The White Paper on China's Arab Policy and subsequently, President Xi's three-nation visit seem timely and crucial as the International Energy Agency predictions suggest doubling of China's oil imports from the region by 2035.

Seemingly, the main aim of the visit was to reinforce Chinese position in the Arab world mainly for two reasons: First, President Xi does not intend to leave any stone unturned to get maximum number of countries on board for China's much-talked about *One Belt, One Road* (OBOR) initiative. Since 2013, President Xi's visits to different countries have underlying agenda to garner different countries' support for OBOR. Second, given that China is the biggest consumer and importer of oil, it needs to secure its future supplies from the Arab region. It can be



recalled that President Xi's visit to four Central Asian countries (Turkmenistan, Kazakhstan, Uzbekistan and Kyrgyzstan) in 2013 was also driven by China's growing energy needs.

The main highlight of President Xi's Saudi Arabia visit was the signing of a framework agreement for strategic cooperation between *Saudi Aramco* and China's *Sinopec*. China is now the biggest trading partner of Saudi Arabia and the latter is the main source of crude oil imports for China. Saudi Arabia is supplying at least 990,000 barrels of crude oil per day to China. As far as Saudi Arabia is concerned, there are several buyers of its oil but the main reason behind such a welcoming approach towards China is attributed to its worsening relationship with Iran. During the time when the region is undergoing unprecedented turmoil, it is vital to keep all the options of the countries of the region open and to strengthen relations with as many regional and global powers as possible and the upside of closer relations with China far outweighs any potential downside.<sup>2</sup> Additionally, in 2015, Saudi Arabia became world's largest arms importer and with the US being main supplier. With a desire to strengthen its military capabilities, Saudi Arabia is looking towards China too. Though China's defence equipment are not as sophisticated as the US, France, Britain and Germany, buying weapons from China comes with no strings attached for Saudi Arabia. China-Saudi Arabia bilateral relations are mostly driven by give and take approach.

Furthermore, amid increasing US-Egypt problems, China is taking centre stage in Cairo. Egyptian President Abdel Fattah el-Sisi's visit to China in a span of one-and-a-half year is symbolic of growing China-Egypt bonhomie. During President Xi's Egypt visit, both sides inked a Memorandum of Understanding on OBOR and China pledged to invest at least US\$ 3 billion in renewable energy projects in Egypt. Egypt has proven natural gas reserves of 77 trillion cubic feet and crude oil of 4.4 billion barrels.<sup>3</sup> With an increase in a number of human rights cases in Egypt, the leadership in Egypt is looking for a less problematic country for its energy exports and China appears to be a feasible option for Egypt. As far as Iran is concerned, with the lifting of western sanctions on Iran, China-Iran energy cooperation has risen in the recent years. China recorded importing 320,000 tonnes, or 6,400 barrels per day of crude oil from Iran in 2014, which was an increase from approximately 210,000 tonnes in 2013.<sup>4</sup>

President Xi's visit to the region is indicative of China's willingness to play a bigger and proactive role in the region, mainly in the economic and energy realms. China's ever-growing need for energy resources is driving its policy in energy-rich countries. Its emphasis on energy cooperation with the countries of the region, during President Xi's visit, implies that energy will remain at the core of China's policy in these three countries in the foreseeable future. In essence, China is focusing on infrastructure

development and improving connectivity between China and these three countries so as to secure its future energy supplies from the region.

***(Disclaimer: The views and opinions expressed in this article are those of the author and do not necessarily reflect the position of the Centre for Air Power Studies [CAPS])***

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#### Notes

<sup>1</sup>“Full Text of China’s Arab Policy Paper”, *The State Council, The People’s Republic of China*, January 13, 2016, [http://english.gov.cn/archive/publications/2016/01/13/content\\_281475271412746.htm](http://english.gov.cn/archive/publications/2016/01/13/content_281475271412746.htm). Accessed on January 14, 2016.

<sup>2</sup>FahadNazer, Saudi Arabia’s New Best Friend: China?, *The National Interest*, September 2, 2015, <http://nationalinterest.org/feature/saudi-arabias-new-best-friend-china-13761>. Accessed on January 20, 2016.

<sup>3</sup>“Egypt: International Energy Data and Analysis”, *U.S. Energy Information Agency*, <https://www.eia.gov/beta/international/country.cfm?iso=EGY>. Accessed on January 23, 2016.

<sup>4</sup>“China’s 2014 Iran Crude Oil Imports Up 28 Pct – Customs”, *Reuter*, January 23, 2016, <http://in.reuters.com/article/china-oil-iran-idINL4N0V126B20150123>. Accessed on January 25, 2016.