



THE ECONOMIC FACTOR IS AS A DRIVING FORCE IN RELATIONS BETWEEN CHINA AND THE COUNTRIES OF THE ARABIAN PENINSULA

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ANNOTATION

The article describes China's economic ties with the countries of the Arabian Peninsula. Despite the difficult situation and political instability in the Arabian Peninsula, China continues to fight for its "under the sun" position in the region, strengthening its economic position in the Persian Gulf and expanding its geopolitical activities to accelerate its economic development.

KEY WORDS: *economic factor, the countries of the Persian Gulf, "black gold", Sino-Arab cooperation, oil.*

DISCUSSION

The Gulf region is the richest region in oil and gas, with 65 percent of the world's oil reserves and 30 percent of its gas reserves. It is the home of oil-producing countries such as Iran, Saudi Arabia, Iraq, Kuwait, the United Arab Emirates, as well as Qatar, which owns more than 15% of the world's natural gas reserves. At the same time, the region is characterized by political instability. The situation here has remained tense for a long time due to the intense arms race, the unresolved Iranian nuclear issue, the intensification of international terrorism associated with the activation of the Islamic State of Iraq and the Levant, and the interference of foreign forces in domestic politics.

Undoubtedly, one of the main participants in the struggle for influence in the region is China. The underlying factor is the economic issue. That is why China has now become a major investor and business partner in a number of Gulf countries in practice. Beijing participates in various UN-sponsored peacekeeping missions in the Middle East peace process, calls on Russia and other UN member states to find a political-diplomatic solution to the Syrian conflict, and strongly opposes terrorism and drug trafficking.

However, according to some researchers, China did not have a significant impact on developments in the Gulf region until the mid-1980s - early 1990s. For example, according to Fred Holiday, a professor of Middle East studies at the London School of High Economics, it is true that until recently, modern Middle Eastern history was written without any mention of China.

Russian diplomat, MGIMO professor at the Russian Ministry of Foreign Affairs S.Z. Jhiznin explains it by the conditions of the second half of the 1980s. The PRC has changed from being a pure exporter to an undisputed importer of energy carriers, making its foreign policy guarantees of energy security a priority for energy diplomacy, including diversifying oil imports, a stable supply of hydrocarbons to the country and diplomatic support of the state.

China's interest in the natural resources of the Gulf countries stems from the need for a constantly growing volume of energy raw materials due to the rapid pace of economic development. This, in turn, has traditionally led to increased regional competition with the largest oil importers.

Considering the importance of the Persian Gulf region in terms of China's geopolitical interests, the logistical value of the Strait of Hormuz should be emphasized. Through, China imports 55 percent of its oil resources. The uniqueness and strategic weight of this waterway is that Hormuz is the only transit route that can transport Arab and Iranian hydrocarbons to third countries. It is rightly one of the most important directions of oil supply to the world market, including the United States, the European Union and the Asia-Pacific region. More than 40% of world oil supplies (mainly Iraq, Kuwait, UAE, Iran) and oil products (mainly from Qatar - liquefied natural gas) and 93% of total exports in the Persian Gulf pass through it.

The risk of blocking this water transport artery can arise for both technical and political reasons. To enter the Persian Gulf, any ship have to



sail a certain part of the gulf through the territorial waters of Iran. However, despite the fact that the passage of ships through Hormuz is controlled by Part 3 of the UN Convention on the Transit of Ships, Iran, like the United States, has not ratified this international agreement. It shows that Tehran does not have to allow foreign ships to pass through its own waters, although at present the IRI (Islamic Republic of Iran) does not interfere with this and the water flow is operating normally.

In July 2012, more than half of Iran's parliament approved a law to block the Hormuz Artery in response to Western sanctions that imposed an embargo on Iranian oil purchases. The attitude of China, one of Iran's economic partners, did not last long. EU countries, Japan and the Republic of Korea, while demonstrating only declarative solidarity with their U.S. allies against the country's embargo, have been limited to statements that the search for an alternative oil exporter has begun. Turkey, South Africa, India and Sri Lanka have not heeded Washington's calls, while China has begun talks to expand oil supplies from the Kingdom of Saudi Arabia, while halving to import Iranian oil.

Beijing's position is explained by its greater interest in developing friendly relations with Washington and Tehran, because the USA-led Western countries are a major market for products and a major source of investment and innovative technology for Chinese companies. That is why China has repeatedly had to choose in favor of the United States. Thus, in 2006-2008, China supported the UN Security Council's decision to impose sanctions on Iran, and in 2008 Chinese banks suspended cooperation with Iranian banks for four months after US Secretary of Defense R. Gates' visit Beijing in late 2007.

At the same time, foreign aid from China and Russia has allowed Iran to continue the process of negotiations on its nuclear program and has helped ease economic sanctions. Therefore, despite some contradictions in Sino-Iranian relations, they are dominated by a positive vector.

In addition to trade in hydrocarbons, cooperation in military-technical, industrial, agricultural fields, China and Iran have joint plans to restore the Great Silk Road. China sees this project as an alternative to sea and air routes. Considering the instability in Iran's relations with the West, Hormuz is not considered the most reliable route for energy supply.

Another obstacle in the way of "black gold" that can be transported from the Persian Gulf region to Asian markets is the risk of blocking the Strait of Malacca. More than 30% of international cargo is on the Malacca waterway and 90% of its cargo flow is oil from the Persian Gulf and Africa. The difficulty of this sea route is only 2.5 km, which is the distance that makes it very attractive to pirates and terrorists

who want to take advantage of others. With this factor in mind, in late 2010, according to a project planned by the Chinese government, the construction of a transcontinental railway from the Chinese city of Kashgar to Afghanistan's Herat and connecting China with the Persian Gulf via Central Asia was announced.

China is considering two options as the final route of the transcontinental highway. The first is the port city of Bandar Abbas, which is a strategic object of the Strait of Hormuz in the coast of Iran due to its geographical location. The second is the port city of Bushehr, in the coast of Iran, in the west of Bandar Abbas, where Iran's first nuclear power plant is under construction.

Of course, Iran plays an important role in China's interests, but strengthening ties with the countries of the Arabian Peninsula and, above all, Saudi Arabia is crucial in Beijing's strategic plans.

The sharp confrontation between Iran and the KSA (Kingdom of Saudi Arabia) for regional leadership, as well as existing political and religious animosity, make it difficult to maintain friendly relations between them. But now Beijing is able to maintain a certain balance and maintain good relations with both countries, mainly due to "smile diplomacy", that is good neighborly diplomacy and relevant political initiatives of people's diplomacy, which is in line with China's national interests and traditional Confucianism.

Stable and rapidly developing relations with Saudi Arabia depend on specific economic and political factors related to China. In particular, Saudi Arabia is a major supplier of crude oil to China. In 2013, KSA accounted for 19% of "black gold" imported to China. From a political point of view, cooperation with Saudi Arabia is important for China because the Arab League plays an important role in multilateral international cooperation platforms in the OIC (Organization of Islamic Cooperation) format. Undoubtedly, the political significance of the KSA for the PRC (People's Republic of China) is an important mechanism in defending its interests in the Middle East.

Today, there are relations between the countries built on a mutually beneficial basis and supported by high-level official visits. The strengthening of relations between Beijing and Riyadh is constantly expanding in the fields of energy, space technology, infrastructure construction, railways, nuclear energy, agriculture, culture and education, and military technology.

Since 1981, the Muslim pilgrimage of Mecca and Medina to China has been revived, the works of publishing the Qur'an in China has been intensified, and mosques have been reconstructed.

In 2014, a 20-year contract signed by the largest state oil companies - UAE oil companies - to



supply oil to China came into force. A strategic partnership agreement signed with these oil giants.

It is noteworthy that the Joint China-Arab Investment Fund and the Asian Infrastructure Investment Bank are consulting on the implementation of projects that are part of the Silk Road Economic Belt Project through Sino-Arab efforts. They are expected to form the “Maritime Silk Road”, which will connect Asia, Europe and Africa.

In order to deepen Sino-Arab cooperation, President Xi Jinping proposed the “1 + 2 + 3” formula, in which 1 - cooperation in energy, 2 - building infrastructure and creating favorable conditions for trade and improving the investment climate; these are the three main high-tech sectors: nuclear power, space and rocket sector, and new energy sources. This format was put forward by the Chinese leader in August 2014 at a ministerial meeting of the China-Arab Cooperation Forum, established in 2004 as a mechanism for continuous cooperation.

By 1991, China was the leading producer of Iraqi oil, more than 60 Chinese companies operated in Iraq, and later more than 500 contracts were subsequently signed under the UN’s “Oil for Food” program. Obstacles to this cooperation actually emerged after the arrival of the Americans, who monopolized control of many of Iraq’s oil fields, which weakened China’s position here for a long time.

Only in 2006 did Sino-Iraqi relations begin to gradually recover, as a result Beijing became Baghdad’s largest customer. By 2013, China’s investment in Iraq’s oil sector was \$ 2 billion a year, hundreds of Chinese oil engineers had come to Iraq to work in the oil fields, and China had even built its own airport on the Iraqi border to transport workers.

But the bright prospects of China’s economic development began to fade with the arrival of the ISIS (Islamic State of Iraq and the Levant) terrorist group. China has refused to take part in the activities of the coalition to fight against ISIS, fearing the emergence of centers of instability in its territory.

Thus, despite the difficult situation and political instability in the Arabian Peninsula, China continues to fight for its “under the sun” position in the region, strengthening its economic position in the Persian Gulf and expanding its geopolitical activities to enhance its economic development.

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