

Oil trade between china and saudi arabia



**ASSIGN
BUSTER**

Oil Trade between China and Saudi Arabia Introduction The importance of a sturdy bilateral association between China and Saudi Arabia, which is founded on energy but broadening to other sectors, cannot be exaggerated in economic as well as tactical provisions. Regardless of their apparent differences, China, a Marxist state with the world's biggest population, and Saudi Arabia, a dominion whose constitution is the Islamic Shari'a, the two countries share extensive resemblance in geopolitical terms (Matthews, 2010).

The rising energy demand in China that outstripped domestic supply prompted the increase in Saudi Arabia's oil exports - Saudi Arabia is one of the leading oil producers globally. China's oil use improved from 4.7 million barrels per day to roughly 7 million barrels between 2000 and 2005. She derived Forty-three per cent of this oil from imports. China is the world's second leading net importer of oil after the US, having surpassed Japan in 2008. Within the energy division, China today is capable of absorbing rising amounts of Saudi (heavy) oil in contrast to a decade ago. This is because it is importing huge quantities of oil as well as due to the alteration and expansion of its refining power. This has made Saudi Arabia to be China's principal foreign source of oil. At the same time, it is making China the Kingdom's foremost crude oil customer. The most striking development however is China's economic growth, which arrived at over 9 percent per annum between the year 1978 and 2005 (Sfakianakis 2009).

With slight intelligibility at the uppermost levels of government and discretion, Saudi Arabia and China are both mysterious states. Both states are overriding in their own regions. China is a key actor all through East Asia while Saudi Arabia is the motivating force behind the six-nation Gulf

<https://assignbuster.com/oil-trade-btween-china-and-saudi-arabia/>

Cooperation Council (GCC). Both states are also frequently lone actors on the world stage, regional and worldwide coalitions as well as group discretion.

This happens when they consider their own welfare not to be entirely allied with those of other states. This is owing to their ideological underpinnings in addition to their important planned positions (Matthews, 2010).

There are prospects that China will supply Saudi Arabia with a growing quantity of weapons systems, probably together with nuclear technology due to this new tactical framework of oil trade. Saudi Arabia's move to China as a main military weapon provider will come about due to two reasons: First, it will result from price contemplation, and secondly, it will result from anxiety about the capability of US security companies to supply Saudi Arabia with the classiest aircraft and other defense articles, which are repeatedly subject to Congressional endorsement (Matthews, 2010).

One of the dangers that the growth of china and Saudi Arabia dealings poses is that Saudi Arabia will attempt to destabilize competitors in the pursuit to secure a lasting energy connection with China. The facts that the Saudi oil-contracting course is not clear and that Saudi does not sell her oil on the open market improve her aptitude to do so. The second danger is that Saudi authorities, in an attempt to counteract the Iranian military benefit, might seek to buy missiles or other weapons and technologies (Calabrese, para3).

Possibly, the greatest danger that might occur due to this oil trade is the risk of civil war or an era of prolonged wavering in Saudi Arabia. This might endanger the export of oil, which will create market volatility and provoke skyrocketing prices, panic-buying, and irregular and possibly even provoking actions by distressed states. Larger risks and reservations lay within the Middle East for the predictable future. Furthermore, United States shares

<https://assignbuster.com/oil-trade-between-china-and-saudi-arabia/>

these risks and reservations in general with China and with all of the other partners in the universal financial system (Calabrese, para4).

Conclusion

From the above discussion that explores the relationship between China and Saudi Arabia, especially in the oil trade, it is clear that China, who has become a principal oil exporter due to her relation with Saudi Arabia, has already developed very strong ties with Saudi Arabia. It is also clear that the ongoing oil trade between the two countries poses some risks to the global society. Again, there are predictions that there is a possibility of the risk of destabilization of oil competitors, as well as civil war eruption, which would in turn cause oil market instability.

References.

Calabrese, J. (2010). Saudi Arabia and China Extend Ties beyond Oil.

Retrieved from [http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews\[tt_news\]=3895&tx_ttnews\[backPid\]=195&no_cache=](http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews[tt_news]=3895&tx_ttnews[backPid]=195&no_cache=)

Matthews, S. P. (2010). China's New Energy Focus: Strategic Partnership with Saudi Arabia. Retrieved from <http://www.bakerbotts.com/files/Publication/8dd9a398-bd08-4c27-9309-44436ff39c81/Presentation/PublicationAttachment/86d1ad0a-fe3c-46c4-a2e6-4499134a953b/ChinasNewEnergy.pdf>

[com/files/Publication/8dd9a398-bd08-4c27-9309-44436ff39c81/Presentation/PublicationAttachment/86d1ad0a-fe3c-46c4-a2e6-4499134a953b/ChinasNewEnergy.pdf](http://www.bakerbotts.com/files/Publication/8dd9a398-bd08-4c27-9309-44436ff39c81/Presentation/PublicationAttachment/86d1ad0a-fe3c-46c4-a2e6-4499134a953b/ChinasNewEnergy.pdf)

ChinasNewEnergy. pdf

Sfakianakis, J. (2009). China: A Powerful New Trading Partner. Retrieved from

<http://www.saudi-us-relations.org/articles/2009/ioi/090214-china-sfakianakis.html>