Upping the Ante

Chinese Encroachment, US Entrenchment, and Gulf Security

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As rentier states, the Persian Gulf monarchies rely on great powers to fulfill security imperatives, making them unlikely to abandon their partnerships with the United States. Yet, China's recent moves into the Middle East are viewed by Western political observers as a sign of looming encroachment by the rising Asian power and by the Gulf states as a welcome alternative. This article suggests that Sino-American competition over oil has led the oil-rich monarchies—Saudi Arabia in particular—to develop a hedging strategy between the United States and China. This dynamic results in short-term gains—including regime stability—at the expense of long-term risks, including overmilitarization of the region as the great powers compete to secure their allies and a decreasing likelihood of political reform, particularly in light of China's noninterference policy. These outcomes have international ramifications with dire consequences for global energy security and make US and Chinese competition over access to oil potentially counterproductive.

The academic merging of political economy issues with the study of national and international security is just beginning to take root. While new scholarship has widened the concept of security, it must delve further to achieve a better understanding of political economic considerations on matters of foreign policy and security. Jonathan Kirshner suggests that this results from the Cold War "unnaturally bifurcat[ing]" security studies and the study of political economy.[1] An integrated study of the two fields can address existential threats to economic security: the types of threats that rouse the same level of attention as internal or external aggression and prompt the formation of alliances, security arrangements,

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and the like. As Charles Ziegler points out, "surprisingly few academic studies have focused on oil in foreign policy despite the strategic nature of this commodity."[2] An opportunity to merge the fields comes easily with the integration of rentier literature that studies how great powers can contribute to regime stability by lessening the likelihood of severe disruptions to the rentier system. Global players like the United States and China have the capacity to enter into economic, political, and military relations that can impact the very survival of the oil regimes.

As rentier states that collect a majority of their government revenues from resources and use these rents for welfare distribution, the oil-rich Gulf monarchies are vulnerable to energy disruptions that can result in increased protest, diminished legitimacy, or even political change. Reliance on oil is a two-way street. In fact, the risks associated with volatility in the energy market can be existential for rentier regimes.[3] But as documented in recent literature, some effects of the "resource curse" can be mitigated through reliance on great powers for economic and political security guarantees to ensure regime stability.

Meanwhile, the rentier dynamic prohibits governments from relying too heavily on their citizens for military forces. Economic concerns related to oil, as well as more general Gulf regional volatility, dictate reliance on foreign security forces. This has prompted an auxiliary debate within the broader "cultural" versus "economic" explanations for problems in the Gulf. That is, some attribute the lack of citizen participation to religious-cultural explanations while others point to the rentier dynamic under the wider umbrella of a resource curse.[4] Still, the fact remains that the Saudi government does not rely on its citizenry for military forces, making it dependent on outside powers for traditional security. The combination of these phenomena—here assumed to be intrinsically associated with rentier states—compels reliance on great powers.

The nature of recent Gulf security relations has prompted debate over the continuation of US hegemony in the region. Some in the scholarly and policymaking communities argue that a strong US presence in the Gulf—and elsewhere—constitutes an imperial strategy of hegemonic domination that must recede on strategic and ethical grounds.[5] Others have recommended a return to an "over the horizon" presence resembling its 1980s strategy, as the United States faces increasing hostility in the Middle East.[6] Complicating the debate are concerns over China's recent moves to ensure its own energy security by cultivating better relations with the Gulf nations, perhaps at the expense of US strategic interests. As competition mounts over acquiring and securing vital resources, the future of US energy policy is intrinsically tied to its Middle East policy. How will mutual reliance on oil and increased Sino-American competition over access to Middle East oil affect international energy security?

The argument presented here suggests that competing US and Chinese energy interests, combined with the rentier dynamic present in the Gulf, have allowed the oil-rich monarchies to capitalize on this regional competition. This article first demonstrates the effect of resource dependence on alliance formation from the perspective of host nations. Drawing on new literature linking the concepts, it illustrates that the stability of the Gulf regimes is largely dependent on the United States' making both the alliances and the dictatorships durable. With China and the United States competing for access to the most oil-abundant region, states like Saudi Arabia enjoy the benefits of regime durability in conjunction with improved economic, political, and military options. And critically, stable alliances translate into stable monarchies.

Second, waning US influence and China's growing interest in the region have led to a new hedging strategy. Rather than reaping the political and economic benefits of a single great-power partnership, the Gulf states—Saudi Arabia in particular—can leverage their position as the United States and China compete for access. Third, while these rentier states see short-term gains, future ramifications of this great-power competition in the region are varied and grave. This dynamic invites regional and international destabilization that could have significant and dire consequences on global energy supplies. The potential of overmilitarizing the region increases as both the United States and China seek to gain and maintain favor with Gulf regimes. This is particularly unsettling in light of the emerging cold war between Riyadh and Tehran. At the same time, prospects for long-term stability decrease as the prospects for liberalization diminish. Regional tensions against autocratic rulers have already begun to mount, and the prospects for political stability in the absence of some liberalization are slim. The implications for US policy are also grim. China's growing influence and its noninterference policy may compel the Saudis to turn eastward in the face of Western reformist pressures. Meanwhile, the United States continues to shoulder the bulk of the burden of protecting pipelines and shipping routes while China enjoys the economic benefits of closer ties without significant costs.

Finally, the United States must not view Gulf energy security through the prism of Sino-American competition over access, as this invites the Gulf states to leverage their position for short-term gains at the expense of significant long-term costs. Instead, US strategy toward the region should include mutual cooperation with China, as the two powers have parallel interests in securing energy flows. Given the rentier dynamic in the Gulf and the mutual US and Chinese reliance on oil, Sino-American competition may be counterproductive without important modifications to present strategy.

Resources, Alliances, and Security

This article thus relies on a combination of rentier and security literature to expound upon the triangular relationship between the United States, China, and Saudi Arabia. While traditional assumptions held by realism and strategic studies explain some elements of this relationship, these approaches often subordinate nonaggressive threats and assume that balancing behavior is a defense against only aggressive threats. This study still relies on realist assumptions, namely, the primacy of survival as the utmost state objective. But departing from traditional views of threats as primarily aggressive in nature, it brings in scholarship on rentierism to demonstrate the importance of economic threats—primarily those associated with resource dependence—on patterning decisions. In particular, it suggests that threats associated with resource dependence can be existential in nature and can force states to rely on great powers for security.

Examining the Gulf hedging strategy first requires an exploration of the links between rentierism and international security arrangements. While the rentier effect—or so-called paradox of plenty or resource curse—is a familiar phenomenon, the theoretical literature on the subject has evolved beyond structural explanations to include institutions as critical intervening variables. Theories of oil-centered rentierism generally hold that resource-dependent states with national industries create welfare distribution systems to assuage the potential for political crisis. Gregory Gause explains how economic hegemony—state control over resources, jobs, subsidies, and even the private sector—ensures that Gulf citizens' well-being is directly linked to that of the state, creating a stable domestic environment.[7] The threat of economic disruption—stemming from price fluctuation, market busts, pipeline disruptions, domestic unrest, or terrorism—can create strain on the distributional capabilities of the state. Failure to continually prop up the rentier state can lead to catastrophic political outcomes from the perspective of resource-dependent regimes. But is oil dependence a political fait accompli?

Generally, the resource curse literature recognizes the potentially destabilizing effect of resource dependence and seeks to determine the conditions that foster stability and breed instability in rentier states. Some suggest that oil dependence is a structural phenomenon that results in universally applicable outcomes.[8] That is, rentierism inherently breeds stability or instability. Others argue that oil has no essential properties outside of the context of institutions.[9]

Scholars of the rentier state are divided on this issue. In theoretical terms, a continuum exists between those who view oil as inherently destabilizing, those who view it as stabilizing, and those who suggest that oil has no essential properties outside the institutional context. Among the structuralists, the debate centers on whether oil has a net positive or negative impact on stability. Some scholars maintain that oil wealth negatively affects all oil producers in the same ways.[10] Others suggest that oil wealth actually increases political stability by creating sturdy linkages between the ruling elite and the citizenry.[11] Still others argue that oil has no independent effect on regime stability outside of the institutional context; that in fact, outcomes differ based on resource management strategies. This new wave of literature is critical to understanding the variations between resource-dependent states in light of the stability of Gulf monarchies and in relation to their contemporary strategies vis-à-vis the United States and China.

It is worth noting at the outset that institutional explanations do not reject the *potential* for negative outcomes; rather, these scholars recognize that leaders of resource-dependent states possess some agency in decision making and operate within and alongside institutions. Certain strategies and institutions can assuage the potential for instability. By the same token, a lack of good institutions or poor coping strategies can lead to negative outcomes. That is, left to its own devices, oil may hinder political and economic development; however, varying arrangements explain the inconsistency between states. It is in this vein that Ragnar Torvik explains why resource abundance does not *lead* to instability; rather, variations exist that can be explained by economic management and differences in institutions.[12]

Varied conceptions of the link between rentierism and stability highlight the complexity of the political economy of oil and stability. Contemporary institutionalist work on rentierism provides useful insights into variations in stability and exposes differences in institutional structures and rent management and distribution schemes to explain differences in the stability of rentier states. These scholars aptly demonstrate that decisions and institutions both impact political and economic outcomes. Resource dependence alone does not determine the economic and political stability of regimes. Conceiving of resource dependence as a variable in decision making or institutional rules (rather than one that directly affects outcomes) lends greater insight into political and economic stability. That is, materialization of the resource curse is contingent on other factors.[13]

While most scholars of the resource curse study domestic factors that may mitigate it, new literature has emerged that lends credence to the idea that international-level arrangements—such as alliances with great powers—have a significant impact on the stability of oil-rich regimes. In focusing on political outcomes, scholars take particular note of the survivability of Middle Eastern and North African resource-dependent states. Their notoriety for both oil abundance and lasting autocratic rule has led to various attempts to explain regime survival and the region's resistance to democracy. Rather than viewing the region's "exceptionalism" as a product of ideological or religious factors, scholars have begun examining its political economy and linking that to the apparent stability.[14] For example, studies by Mathias Basedau and Wolfram Lacher and by Basedau and Jann Lay find that the presence of international security forces is correlated with political stability. Daniel Byman and Jerrold Green suggest that US support partially explains the Gulf states' political durability.[15] Most notably, Eva Bellin suggests that the security apparatuses in rentier states rely on both domestic financial health as well as international support.[16] The United States has maintained a unique interest in the Middle East and North Africa since the Cold War. This comports with the findings of a 1999 symposium studying the effects of oil pricing on strategy and suggests that outside powers, also dependent on oil, have a vested interest in the stability of oil regimes.[17] This is particularly true of US and Chinese interests in the Gulf, which affect the security both of the great powers and of the host nations.[18] As Bellin notes, "withdrawal of international backing triggers both an existential and financial crisis for the regime that often devastates both its will and capacity to carry on."[19]

As rentier states collect more than 40 percent of government revenues from oil receipts, disruptions to the flow of Gulf oil can result in major shocks, inviting potentially existential consequences for the resource-dependent regimes.[20] In addition to deterring and defending against regional aggressors—the traditional security postulate—the survival of Gulf regimes is contingent both upon their ability to extract oil rents and protect pipelines and shipping routes as well as on strategies to weather "bust" periods and establish trade partnerships to offset resource reliance through a variety of diversification mechanisms. Without these safeguards, many of which require foreign guarantees, rentier states are vulnerable to disruptions to the flow of oil, fluctuations in oil prices, moves by the international community to decrease its reliance on oil, and resource depletion. Disruptions to the flow of oil can stem from servicing issues (e.g., damaged equipment or labor issues), regional conflicts, or from attacks to pipelines or facilities. As Benjamin Smith notes, oil-dependent states see spikes in protests during bust periods.[21] Energy diversification by other states also threatens to depress demand, which can produce the same effect as bust periods in the longer term. These constitute security threats that can jeopardize immediate and long-term regime survival. Disruptions to the rentier system can mean the collapse of the regime, and the recent wave of uprisings in the region further highlights the vulnerability of its long-standing autocrats.

The premise that security alliances help mitigate the effects of resource dependence and buttress the rentier state easily explains the stable alliance between the United States and the Gulf monarchies. But even more importantly, it suggests that future patterns of security policy decisions emanating from the oil-rich Gulf states will likely continue to rely on great powers, both for regional security as well as economic security, to secure the rentier system that preserves regime stability. With waning US clout and growing Chinese influence, the present and future stability of the Gulf, and Saudi Arabia in particular, requires examination.

The End of an Era

While the Gulf States—with the exception of Oman and Bahrain—would not tolerate a US presence in the 1980s, Saddam Hussein's invasion of Kuwait changed their calculation.[22] Several proposals were advanced to deter further aggression. These included strengthening Gulf Cooperation Council (GCC) ties, buttressing GCC forces with those of other regional states, and inviting the United States in through basing arrangements to serve as the guardian of the Gulf.

Led by Kuwait and Saudi Arabia, the Gulf states rejected the first two proposals on political and strategic grounds. Critically, they argued that a buildup of GCC deterrent forces would still be no match against larger, hostile states. As an added obstacle, the rentier states built by the Gulf monarchies created top-down systems whereby the governments distributed benefits rather than collecting resources, which makes viable expansions of domestic militaries impossible. With regional solutions deemed politically unfeasible, the Gulf states turned to the United States. All six GCC states invited the United States to play the guardian role in Gulf security. Rather than create a GCC-wide security arrangement, each state opted to make bilateral defense agreements. Five of the six, the exception being Saudi Arabia, signed defense cooperation agreements that assured varying degrees of commitment. The Saudis invited direct US presence but considered a formal agreement too inflexible to deal with possible future realities that could make US presence a greater liability. Though each state made a separate agreement, the defense pacts generally allowed the United States to build or use basing facilities, preposition weapons, and conduct joint military exercises with local forces.

While these military guarantees were aimed at deterring further regional aggression, the partnership exposed the benefits of relying on a great power. Within a few years, political and economic relations improved as well, giving the Gulf monarchies the ability to consolidate the rentier states. The security and stability of the Gulf states during the 1990s was all but ensured by US economic, political, and military guarantees. But while the United States enjoyed a special relationship with the Gulf countries, and Saudi Arabia in particular, the strength of relations is on the decline, and the desirability of an alliance with Washington has come into question since the 9/11 attacks.

The effect of 9/11 and subsequent rhetoric, reports, and suspicions on the part of the Bush administration "dealt a sledgehammer blow" to US-Saudi relations.[23] Members of Congress and the administration suspected Saudi ties to terrorists and accused the kingdom of lackluster counterterrorism efforts. Refusal by the Bush administration to declassify sections of the 9/11 Commission's findings—which allegedly pointed fingers at the Saudi government—further strained the relationship.

The Saudis still showed support for the US-sponsored war against the Taliban following the 9/11 attacks. Having cultivated ties with the conservative group for strategic and religious reasons, the Saudi government immediately severed relations, claiming that "the Taliban government has paid no attention to the calls and pleas of the Kingdom of Saudi Arabia to stop harboring, training and encouraging criminals."[24] While supportive of the first round of US retaliation in Afghanistan, the Saudis—and other regional monarchs—were less enthusiastic about the prospect of a US-led invasion of Iraq. Though Saudi Arabia had been an advocate and accomplice in US efforts to suffocate Saddam's capabilities in the 1990s, the prospect of a unilateral invasion and elimination of the historic balancer to Iran concerned Riyadh. Just prior to the invasion, Prince Saud warned that regime change could destroy Iraq and destabilize the region, cautioning that "we will suffer the consequences of any military action."[25]

Further complicating matters is the intractability of the Arab-Israeli conflict and the continual failure of the peace process. Gulf monarchies have criticized Washington's inability, or unwillingness, to place adequate pressure on Israel to halt building settlements and make concessions that could resolve the conflict. Beginning in the 1980s, the Camp David Accords were viewed as a failure, given their inability to engage the Palestinians and hence mitigate the threat of continued Arab-Israeli hostilities. This disillusionment was directed at both the United States and Egypt. As Hermann Eilts noted at the time, "it is their [Gulf states'] perception of continued shadow boxing with the critical Palestinian issue that evokes their censure."[26] While the 1990 crisis caused the Gulf countries more pressing strategic concerns, the "perception of shadow boxing" has returned as four consecutive administrations have failed to bring the conflict closer to a resolution. Sentiment in the entire Arab region has become increasingly anti-Western, in large part due to the unconditional US support for Israel posing added risks for the monarchies, which must avoid being seen as US partners or puppets.

Finally, US policy toward Egypt during the Arab Spring uprisings led Gulf monarchies to question the reliability of a Washington alliance. After 30 years of US partnering with Hosni Mubarak's government, the Obama administration shifted that policy and demanded his resignation, resulting in a "tectonic shift" in US-Saudi relations.[27] The Saudis publicly voiced concerns over US handling of the uprising in Egypt, particularly its policy toward Mubarak. And Washington's seemingly higher-profile public stance on promoting liberal transitions heightens the allure of China's noninterference policy in the present environment.

While US-Saudi relations were never perfect, 9/11 and subsequent issues further strained the partnership. The 2003 "mutual agreement" to draw down the US presence in the kingdom was seen by many as a result of cooling interest by the Saudi government. US influence has continued to wane because of unpopular policies, chipping away at the special US-Saudi relationship. With Chinese interest in the region on the rise, the result has been a hedging strategy by Saudi Arabia to ensure great-power security guarantees.

While Riyadh is far from abandoning its partnership with Washington, it has made various moves—on economic and political fronts—to strengthen its relations with China. Meanwhile, Beijing's growing oil appetite has led to new diplomatic initiatives to improve relations with the oil-rich Gulf monarchies. This has allowed Saudi Arabia to leverage competition over strategic and energy imperatives to its advantage and enjoy guarantees from two great powers.

Saudi Arabia's Hedge

While the details of expanded Sino-Saudi relations are well documented, it is worth highlighting their importance through the prism of a Saudi balancing strategy. This section addresses the growth of Sino-Saudi ties in the economic, political, and military realms, highlighting the fact that the kingdom has begun to hedge its bets. Because the rentier dynamic compels states to seek great-power partnerships to ensure their security, Saudi Arabia continues to rely on Washington while opening wider channels with Beijing.

Economic Security

The present dynamic in the Gulf region is critical in light of China's growing influence and appetite for oil, fading US influence, and growing anti-American sentiment. China has attempted to secure access to Gulf oil by augmenting its partnerships, particularly with the Saudi kingdom, since the 1980s, but the steady growth of that partnership in the past decade is a new development in its foreign and security policies due to becoming a net importer of oil in 1993. Its 15 percent increase in production during that period was trumped by a 90 percent increase in demand.[28]

China's turn toward the Saudis to meet its growing energy needs was met tepidly at the outset. Beijing first established relations with Oman and Yemen, followed by Kuwait, the United Arab Emirates (UAE), and North African producers. Because Saudi Arabia enjoyed good relations with the United States—both in political and economic terms—trade relations between the Middle and Saudi kingdoms grew modestly at first. Saudi Arabia remained reliant on the United States, particularly on the heels of the Soviet collapse and the US liberation of Kuwait. But as the decade wore on, increasing points of contention between the two nations, compounded by China's economic growth, led the Saudis to begin looking elsewhere.

This has resulted in a boon for Riyadh as the Saudis are enjoying the benefits of two great powers interested in expanding relations and preserving the kingdom's economic security. As Anthony Cordesman explains, US presence secures the regional pipelines and shipping routes in the Arabian Peninsula, the Persian Gulf, the Gulf of Oman, the Indian Ocean, and the Red Sea.[29] The United States has also provided other economic benefits to the Gulf states. In July 2003, it signed a trade investment framework agreement (TIFA) with Saudi Arabia and aided the kingdom in its application to join the WTO, which was approved in late 2005 after 12 years of negotiation.[30] These efforts have been widely credited with helping Saudi Arabia to diversify its economy.[31]

Meanwhile, Saudi Arabia and China signed the 1999 Strategic Oil Cooperation Agreement, a seminal event that jump-started closer economic relations. That same year, Saudi Arabia's state-owned Aramco invested $750 million in a petrochemical complex capable of processing 8 million tons of Saudi crude oil per year.[32] While these two events were not publicly linked, there is little doubt that closer ties between Riyadh and Beijing prompted the former to invest heavily in production capacity to ensure its ability to fulfill China's growing appetite for oil. By increasing production capabilities, the Saudis could demonstrate their reliability as a serious trading partner. Saudi Arabia became China's leading supplier of oil by 2002 and accounted for 25 percent of its oil imports as of 2011.[33] In 2004, China's state oil company, Sinopec, won a large concession from the Saudis that was later termed a "politically motivated" deal due to its ambiguous economic benefit.[34] It granted rights to explore for gas in Rub al-Khali; less than a year later, Beijing held its first formal talks with OPEC.[35]

Bilateral trade talks increased in 2006 with King Abdullah's first trip to China since 1990. Commentators hailed it as a historic shift, and more recent follow-up talks have illustrated the success of expanded trade relations. Between 1991 and 2005, trade between China and the Gulf countries jumped from $1.5 billion to $33.7 billion.[36] And in January 2010, Chinese minister of commerce Chen Deming praised the rapidity of trade expansion, noting that the two countries "have realized two years in advance the goal of US$40 billion by 2010."[37] China is also working on a free trade agreement with the Gulf Cooperation Council, which has yet to enter into force but marks another turn eastward. Saudi Arabia has also welcomed China's economic stability—particularly after the Asian economic crisis—"to help recycle some of the enormous liquidity accumulating in the kingdom from record-high oil revenues."[38]

Mutual dependence on oil, both by the Saudis as a rentier state that relies heavily on oil revenues and by China and the United States as consumers, has resulted in improved economic relations between the kingdom and the world's two largest oil importers. As such, Saudi Arabia's turn toward China marks a welcome shift for both Beijing and Riyadh. Enjoying the benefits of economic partnerships with two major powers, the Saudis have been able to capitalize on expanding energy markets in the United States and China to cultivate secure economic relations that encourage long-term energy investment, expanding trade relations, and diversification in its petrodollar investments.

The Saudis historically operate as OPEC's swing producer, ensuring price stability by managing production. While this certainly aids developed and developing economies to avoid dramatic price swings, it also helps ensure that the global demand for oil is not replaced with alternative energy sources.[39] With rising oil prices, the Saudi government recently announced more than $130 billion in new spending—approximately 30 percent of its economy—initiated by windfall profits that do not require deficit spending. This includes $66 billion for new public housing units aimed at appeasing its citizenry.[40]

Saudi Arabia's partnerships have also led to moves to ease regulatory restrictions that have made the kingdom competitive in the World

Bank's *Doing Business* rankings.[41] Combined with significant government investments in infrastructure and transportation, they invite greater foreign investment in energy and other initiatives, particularly the petrochemical sector. Diversification has become an important strategy that moves the economy away from complete reliance on oil. This strategy has been accelerated by accession into the World Trade Organization, aided by the United States.

While diversification is an important strategy, protecting energy markets remains vital. Therefore, through a combination of policies aimed at securing both the energy and other sectors—protected militarily by the United States and aided economically by both the Americans and the Chinese—the Saudi economy is on the rise. And according to the US State Department, the Saudi government seeks to align itself with healthy Western economies "which can protect the value of Saudi financial assets."[42] While this trend continues, the kingdom has begun to explore alternative options. With China's rise as a major economic player, Beijing also becomes an increasingly attractive economic option. This strategy of using great powers for economic gain further consolidates the kingdom's rentier system that relies on the endurance of international demand for oil to funnel the revenues into programs and public goods that weaken reformist tendencies.

Political and Military Security

Historically, the United States has held a special relationship with the Saudi kingdom, particularly in the political and military fields. After the 1990 Gulf crisis, the United States took on the role of securing the region, concluding defense agreements (formal and informal) with all six GCC states. As the savior of the Gulf and its oil from Iraqi aggression, the United States regained its prominent status as security guarantor of the region. The Iraqi invasion of Kuwait spotlighted the need, by both the United States and the Gulf states, for greater security integration. The controversial "Defense Planning Guide" summed up the US strategy in the region:

> In the Middle East . . . our overall objective is to remain the predominant outside power in the region and to preserve US and Western access to the region's oil. We also seek to deter further aggression in the region, [and] foster regional stability. . . . As demonstrated by Iraq's invasion of Kuwait, it remains fundamentally important to prevent a hegemon or alignment of powers from

> dominating the region. This pertains especially to the Arabian Peninsula. Therefore, we must continue to play a strong role through enhanced deterrence and improved cooperative security.[43]

During the 1990s, Chinese arms sales to Saudi Arabia were cut by more than half, while US arms sales increased. In May of 1993, the Saudis purchased 72 F-15S advanced fighter aircraft for $9 billion and subsequently signed $4.6 billion in arms contracts between 1994 and 2001.[44] In contrast, China supplied a modest $5 billion in military goods to Riyadh in the 1980s, surprising traditional Saudi allies; however, after the 1990 Gulf crisis and resulting establishment of a US presence in the region, arms transfers from China to Riyadh declined dramatically.[45]

King Abdullah's 2006 trip to China, a first since 1990, was hailed as a historic shift in Saudi security strategy. Rather than relying solely on the United States for security, Saudi Arabia has recently turned to China to play a supporting role. Additionally, as Harsh Pant notes, "the new economic symbiosis [between Saudi Arabia and China] is having an increasing impact on Saudi Arabia's military and political posture."[46] Diplomatic ties between Riyadh and Beijing have solidified, and as Prince Turki al-Faisal recently put it, "with China, there is less baggage."[47] China's policy of unconditional respect for sovereignty—as has become increasingly clear through its international stance on Iran, North Korea, Zimbabwe, and other nations with dubious domestic records—poses an attractive option for Saudi Arabia and other Arab governments who have grown increasingly weary of the US presence and policy in the region. China's weight, both as an economic power and as a major international political player who holds a UN Security Council veto, makes it an attractive political alternative.

But what China offers politically and economically, it continues to lack in capacity for military projection. It will remain for the foreseeable future unable to provide the type of security guarantees offered by the United States, which currently spends $40–50 billion each year protecting shipping lanes and pipelines in the Persian Gulf.[48] This, of course, is sapping precious US resources and abetting China's ability to penetrate the region through economic and political initiatives.[49] Still, China could begin transferring weaponry to the Saudis, a sector that the United States has all but monopolized.[50]

While Chinese arms transfers to the Saudis have yet to materialize, it is not for lack of effort. Just before the turn of the century, President Jiang

Zemin visited the region and proclaimed that China and Saudi Arabia enjoyed a "strategic partnership." Since then, the Asian nation has offered to sell ballistic missiles to Riyadh.[51] While the Saudis declined the offer, there has been speculation that China has recently approached the kingdom with offers to transfer sophisticated missile systems, potentially including Pakistani nuclear warheads.[52] Due to mounting tensions with Washington, the result of new overtures could be different. What will come of these offers remains unclear; however, increased economic and political integration with China could well lead to greater military cooperation in the near future.

This puts the Saudis in an enviable position as the great powers compete to provide military security and protect a most vital resource. They ensure the maintenance of the US security umbrella while keeping other options on the table. While the United States shoulders the burden of protecting Gulf oil by military means, Saudi Arabia reaps the benefits of uninterrupted flows into the global market. Although US-Saudi relations have been on the decline over the past decade, for the time being they remain stable in the military realm. While the United States drew down its presence in the kingdom, it continues to operate there on a smaller scale and has a formidable presence in the broader region to protect oil flows. It has also continued to source weapons transfers, as Riyadh recently clinched a historic $60 billion arms deal from Washington.

With tensions mounting as a result of Washington's posture toward the Arab uprisings, China may be able to capitalize on these pressures and at least begin to displace the United States as a major weapons supplier. While China continues to lag behind in its ability to militarily protect shipping lanes, a shift in the source of arms transfers would be significant. The stability of the monarchy is thus, in large part, dependent on these types of competitive guarantees that secure its government revenues and borders.

Strategic Implications

This dynamic also creates longer-term risks that could have significant regional and international impacts. This section addresses these impending ramifications for the region—particularly its overmilitarization and the longer-term impact of great-power partnerships on the diminishing likelihood of political liberalization—and for US policy. While the

United States and China compete for access to oil to ensure their energy security and the unimpeded flow of oil into the global market, a competitive environment that allows rentier states to leverage their position between the two great powers may ultimately be counterproductive. Both the United States and China have an interest in ensuring that oil continues to flow, but a continuation of Riyadh's hedging strategy brings with it an increased likelihood of regional and international implications that threaten global energy supplies.

Regional Implications

A critical point to consider is that competition between the United States and China to transfer arms to Saudi Arabia as its primary guarantor of security puts the monarchy in a good negotiating position and strengthens the Saud regime in the short term. As a rentier state that must ensure strong strategic security alliances with great powers, it is given a choice that, at this juncture, does not require an exclusive partnership with one power over another. In recent years, the monarchy has begun hedging its bet—ensuring it maintains solid relations with critical international players without abandoning old allies. This helps to ensure its economic, political, and military security imperatives are met as the United States and China compete to secure the kingdom in the interest of securing their own economic needs.

China's emerging role as both an economic and political powerhouse that respects the sovereignty of its partners gives Saudi Arabia comfort. In an environment of great authoritarian vulnerability in the region, it is worth noting that revolts took down resource-poor Hosni Mubarak, Ben Ali, and Muammar Gadhafi. And at the time of this writing, Syrian president Bashir al-Assad remains in dire straits. While Libya has abundant energy reserves, it does not have the same good working relationship with the great powers that Saudi Arabia and the Gulf countries enjoy. The Gulf monarchies emerged from the Arab Spring relatively unscathed, as their secure rentier systems allowed Saudi Arabia and Kuwait to dole out checks and expand public services to appease their populations.

This dynamic is well documented within the resource curse literature, particularly with reference to the stability of the oil-rich Arab monarchies.[53] It is not the mere abundance of oil that makes democratic transition unlikely; great-power intervention boosts the stability of autocrats.[54] In the present environment, where Saudi Arabia has two great powers competing for its attention with promises of security guarantees, talk of democratization in the kingdom is all but a moot point. Of course, the corollary to a lack of democratic transition is regime stability; in the short-term this aids the Saudi monarchy, but in the longer term, it could pose significant political risks.

Given democratic sentiments in the region, Saudi Arabia's hedging strategy could backfire as it continues to primarily rely on the United States for military security guarantees. To be sure, it has distanced itself from Washington in significant ways; however, the regime's legitimacy is still in question domestically due to its resistance against real political reform and its alliance with the United States. A decade ago, most shows of violence in the Gulf were targeted at Americans and oil facilities rather than at the regime itself, but this dynamic has begun to change.[55] Protests in Bahrain led the Saudi kingdom to send troops to help quell demands for political liberalization. While the Saud regime safely emerged from this most recent round, it may find itself facing greater political opposition over its lack of reform and continued reliance on US security guarantees. Although King Abdullah remains in good health, his age has raised unresolved questions about his successor. In a reformist environment, these types of ambiguities could have dire consequences for the kingdom, particularly in the event of an economic bust period.

The future of the region could also be at risk if Sino-Saudi political and economic relations evolve to include arms transfers. To be fair, the militarization of the region is nothing new; however, the exponential growth in quality and quantity of weapons transfers is already unprecedented, and the addition of Chinese weaponry could further exacerbate regional arms races. The recent $60 billion arms transfer from the United States to Saudi Arabia raised eyebrows over the prudence of this strategy, particularly in light of the emerging cold war between Saudi Arabia and Iran.

A Council on Foreign Relations forum on this topic left its contributors split. The majority agreed that this type of weapons sale has obvious benefits for US economic and strategic interests and that declining it would only invite Saudi Arabia to turn elsewhere. For Cordesman, Iraqi weakness leaves Saudi Arabia as the region's only counterbalancing power to Iran, so in addition to economic benefits of strengthening US-Saudi ties, continued arms supplies relieve pressure on the US military to provide security. But William Hartung struck a cautionary note, claiming that the risks of escalating a race between Saudi Arabia and Iran are grave and any attempt "to create a balance at higher and higher levels of weaponry is both dangerous and unnecessary."[56]

Thus far, the results of the arms deal seem to lend credence to its skeptics. Iran's actions and rhetoric with respect to its nuclear program have continued and even escalated. Ideas have been floated by the Saudis, including financially "squeezing" Iran's ambitions by supplanting Iranian oil exports, and in the summer of 2011, Prince Turki al-Faisal pronounced that an Iranian nuclear program would compel the Saudis to follow suit.[57] The danger associated with a nuclear arms race in the region cannot be overstated. Given Western suspicions of Iran's intentions, the United States is unlikely to abate arms transfers to the Saudis if faced with the prospect of a mounting Saudi-Iranian arms race, particularly as it increasingly ventures into nuclear territory. And in the event that the United States halts or tempers its weapons supply, as various commentators have noted, China may step in to replace US weaponry.

International Implications

The consequences arising from great-power competition and the emergence of a hedging strategy in one of the world's most critical energy resource regions have obvious international implications for both traditional and energy security. Recent reports concerning Iran's unrelenting pursuit of nuclear power and China's partnership with Tehran could complicate efforts at assuaging the impending arms race. Meanwhile, continuity of the autocratic status quo could result in great regional instability that can affect global energy supplies, particularly if Saudi Arabia catches the democratic contagion spreading across the region.

Concerns over a regional arms race must be contextualized within present-day realities of Iran's dubious nuclear program and the region's historic volatility. Because the United States still cannot fully rely on China to isolate Iran, the probability of an arms race is quite high. That is, China may decide to sell arms to Iran since it has not indicated a full willingness to isolate the country. This scenario could have significant consequences that develop from a bona fide arms race between the Saudis and Iran as proxies of the United States and China, respectively. As various scholars have noted, China's foreign policy strategy is largely driven by domestic objectives, and until Beijing feels secure in its energy procurement capacity, it is unlikely to abandon Iran.[58] Although Iran has become all but an international pariah state, thanks in part to rigorous

US-led efforts at isolating the regime, its ability to continue pursuing nuclear technology is driven in large part by its ability to secure the flow of oil rents. And China's enabling role is clear. Meanwhile, some reports have emerged indicating that Riyadh has begun mulling over its next move, which could involve partnering with Pakistan to acquire nuclear technology to compete with Iran.[59]

The prospects then for a dangerous regional arms competition are mounting, given the very real possibility that a nuclear arms race will emerge in the near future. The consequences of this arms race may not be as dire as some predict (i.e., involving nuclear weapons), but it could further destabilize the regional balance. First, both Western and Saudi policymakers have expressed concerns over Iran's influence in Iraq. Tehran and Riyadh support different candidates and groups there, and they continue to compete over influence of their historically critical neighbor. An arms race between the two could result in an escalation of tensions in Iraq and, as the United States draws down its presence, lead to fighting through surrogates. The same is true of Yemen, where the Saudis and Iranians have already fought by proxy and exchanged harsh rhetoric over involvement and undue interference. At the least, an emergent arms race could lead to more regional conflict—likely proxy fighting rather than a direct exchange between Riyadh and Tehran. In a vital oil-rich region, the international implications of increased conflict, even in a small scale, could be significant.

The impact of enduring authoritarian tendencies could also have dire consequences for the global oil market. While the Saud regime remains firmly in power, resentment against lack of representation and the regime's Western partnerships has grown. It is true that protests in the kingdom during the Arab Spring were isolated, small, and easily suppressed, but without tangible concessions, these pockets of resistance are unlikely to disappear, regardless of the generosity of the Saudi rentier system. The kingdom's hedging strategy is certainly buying time for the regime, but due to the regional reformist environment and growing anti-Western sentiments, its long-term stability is not a given.

If resistance movements—whether liberal democratic or conservative anti-Western—escalate and pose a real challenge to the Saud regime, the effects on the global oil market would be dire. As the OPEC swing producer, the Saudis have historically sought to stabilize oil prices through their enormous production capacity. A disruption to the Saudi political or economic structure could easily result in exponential increases in oil prices, supply shortages, and a more general widespread panic. Because other oil-producing nations do not have the type of abundance or capacity to compensate for Saudi oil, a global energy shock would be all but certain.

Strategy Modifications

US policymakers face a mounting dilemma. Continued competition with China and efforts to push the Chinese away from the Saudis to protect US strategic interests could bode poorly for the situation with Iran. On the other hand, isolating Iran with China's help could eventually displace US strategic interests in Saudi Arabia. While it is unlikely that China will altogether replace US hegemony in the region in the near future, the current hedging strategy employed by Riyadh may be enough to hinder US interests abroad. Because reliance on oil and the rentier dynamic in the Gulf compels states like Saudi Arabia to seek security assurances from the great powers, Washington must tread carefully, and diplomatically, to avoid risking the stability of the region in exchange for short-term economic interests.

China: Friend or Foe?

The trajectory of US-Chinese relations has been debated for more than a decade, with scholars and policymakers weighing in on points of mutual and divergent interests.[60] As Aaron Friedberg explains, "the most common manifestation of the debate over the future of U.S.-China relations is the disagreement between liberal optimists and realist pessimists."[61] But setting it up as an "all-or-nothing" debate over Sino-American relations misses the details. The two powers are not bound to coexist in pure harmony through the maintenance of institutions, democratization processes, and economic integration. Nor are they on track for a collision course due to expansionism, insurmountable uncertainties, suspicions, or an inevitable security dilemma. There is no doubt that the future of Sino-American relations remains uncertain, but it is important to disentangle all the potentialities to ascertain the likelihood of cooperation on *particular* issues.

Concerning the issue at hand, the two powers agree on such questions as the importance of securing energy flows, maintaining stable pricing, and preserving stability in oil-rich regions. At the same time, they diverge on significant matters, including intervention, pressure, and partnerships with competing or "rogue" states.[62] Given the significance of potential regional implications associated with Riyadh's hedging strategy and US-Chinese competition over the region's oil, one must account for these particular points of mutual interest and contention when assessing the possibility for mitigating the foregoing effects and modifying US policy on this issue.

Toward a Balanced, Long-Term Strategy

An important point of leverage for Washington is the tension between Riyadh and Tehran. China has consistently demonstrated that it is more interested in securing its energy needs than concerning itself with implications for the Gulf region. As such, it has become one of Iran's most important strategic and economic partners. From Beijing's perspective, it has access to oil from a reliable partner. From Tehran's perspective, China—unlike the United States—is willing to purchase oil unconditionally and also provides a counterbalance against US pressure. This alliance could eventually sour relations with the Saudi kingdom if it progresses to the military field.

As Steve Yetiv points out, deepening Sino-Saudi relations could be used to US advantage to help contain Iran.[63] Yet unwilling to heavily sanction Iran, China's posture could change in light of its growing interest in improving relations with Saudi Arabia. Rather than pressuring Beijing itself, the United States should leverage the Saudis' mutual concern over Iran's weapons program to pressure Riyadh to supplant China's oil imports from Iran. Reducing China's dependence on Iran may not lead Beijing to agree to more aggressive action against Tehran, but it would impair Iran's ability to pursue its ongoing nuclear strategy.

An equally important point of contention involves China's direct arms sales abroad.[64] While it has yet to really penetrate the Gulf in a meaningful way, unbridled arms sales—particularly to states like Iran—could be particularly dangerous. According to a 2003 statement by Assistant Secretary of State Paula DeSutter, while China publicly recognizes its commitments to nonproliferation, US officials see "problems in the proliferant behavior of certain Chinese entities and remain deeply concerned about the Chinese government's often narrow interpretation of nonproliferation commitments and lack of enforcement of nonproliferation regulations."[65]

While Beijing denies continued arms sales to Iran, the United States continues to suspect weapons transfers.[66] Meanwhile, China has also been accused of evading or circumventing sanctions against Iran.[67] This only contributes to the arms race that has begun in the region, while the lack of transparency over weapons transfers to Iran fuels suspicions of both parties' intentions.

This issue, while in some ways tied to China's reliance on Iran for oil, may be more difficult to handle. If its strategy of replacing Iranian oil with Saudi oil works, China will likely be more willing to scale back its military relations with Iran. Yet, from Beijing's point of view, Washington's arms sales to Taiwan complicate the issue. For example, a 2010 US-Taiwan package prompted an immediate reaction from China, chiding the United States for "endangering China's national security and . . . peaceful reunification efforts."[68] The United States withdrew F-16s from the package, allegedly to calm tensions. While a resolution to competing arms sales may never be fully resolved, at the very least the United States can press for greater transparency on a bilateral basis or through a broader institutional arrangement.

Because China continues to lag far behind the United States in its ability to militarily secure its strategic partners, now may be Washington's last best chance to press for political reforms in Saudi Arabia. While this type of strategy may precipitate closer ties between the kingdom and the PRC, the Saudis cannot yet stray far. Given the nature of their political-economic system, the rentier dynamic prevents them from self-reliance in the military realm and will continue to require reliance on the United States for the foreseeable future. Additionally, the region's present tumultuous environment gives an added sense of urgency that, with steady pressure, could result in a gradual pace of political reforms. If Washington waits too long to exert diplomatic pressure, China may catch up in its ability to secure the Gulf, or the Saudi kingdom may face mounting domestic pressures that can no longer be mitigated with token concessions.[69]

Meanwhile, the United States must begin to address its broader Middle East policies that have led to growing resentment of its regional influence and presence. Most notably, Washington must find a way to reverse its paralysis on the Arab-Israeli conflict. Most Arab governments lament the futility of the peace process, and a lack of tangible change will only further impede US–Middle East relations. It is true that the oil-rich monarchies need to rely on the United States for security, but to secure long-term US strategic interests, Washington must make the resolution of the Arab-Israeli conflict a top national security priority lest the monarchies turn elsewhere as soon as an opportunity presents itself.[70]

Finally, given the US and Chinese mutual interest in securing the flow of oil into the global market, there is little use in operating competitively. As Yetiv notes, it may be in Washington's interest to press China to contribute more heavily in the security realm rather than allowing it to continue penetrating the area politically and economically under the US security umbrella.[71] While the United States spends tens of billions on naval power to protect these vital shipping routes, China and the Gulf countries reap the benefits of uninterrupted access. Chinese investments in its naval capabilities have been met with some trepidation in Washington over allegations that it intends to exert pressure and influence in the South China Sea; however, some pressure could help to channel those investments toward protecting access to the energy that it so vitally needs while relieving some pressure on US military capabilities.[72] This would allow greater burden-sharing on a point of mutual interest, lay the groundwork for future cooperation on matters of national and international security between the two powers, and begin to address criticisms against US militarization of the region.

In short, while questions remain about the future of cooperation between the United States and China, Washington should not operate under the assumption that the two powers must compete over the Gulf at this time. Publicized competition between the two nations will only play into Saudi Arabia's hedging strategy, allowing it to achieve concessions that could harm regional and international long-term interests. Competing over access to oil and fueling the emerging Gulf hedging strategy may be counterproductive, as competition to secure US and Chinese energy needs could ultimately result in widespread disruptions. Instead, Washington must work directly with China, as well as its regional partners, to address points of contention and find ways to relieve the pressures that could impede US interests down the road. SSQ

Notes

1. Jonathan Kirshner, "Political Economy in Security Studies after the Cold War," *Review of International Political Economy* 5, no. 1 (Spring 1998): 65.

2. Charles Ziegler, "The Energy Factor in China's Foreign Policy," *Journal of Chinese Political Science* 11 no. 1 (Spring 2006): 2.

3. According to the US State Department, oil accounted for 75 percent of Bahrain's government revenue in 2007, 95 percent of government revenue in Kuwait, 75 percent in Saudi Arabia, 45 percent in Oman, 60 percent in Qatar (more than 70 percent when natural gas is included), and 40 percent in the UAE.

4. For more on this debate, see Michael Ross, "Oil, Islam, and Women," *American Political Science Review* 102, no. 1 (2008): 107; Ronald Inglehart and Pippa Norris, *Rising Tide* (New York: Cambridge University Press, 2003); Stephen M. Fish, "Islam and Authoritarianism," *World Politics* 55 (October 2002): 4–37; Alfred Stepan and Graeme B. Robertson, "An 'Arab' More than 'Muslim' Electoral Gap," *Journal of Democracy* 14, no. 3 (July 2003): 30–44; and Terry Lynn Karl, "The Perils of the Petro-State: Reflections on the Paradox of Plenty," *Journal of International Affairs* 53, no. 1 (1999): 30–44.

5. Rashid Khalidi, *Sowing Crisis: The Cold War and American Dominance in the Middle East* (Boston: Beacon Press, 2009); and Johnson Chalmers, *The Sorrows of Empire: Militarism, Secrecy, and the End of the Republic* (New York: Henry Holt and Co., 2004).

6. Kenneth Pollack, "Securing the Gulf," *Foreign Affairs* 82, no. 4 (July/August 2003): 2–16; and Shilbey Telhami, "The Persian Gulf: Understanding America's Oil Strategy," Brookings Institute, Spring 2002, http://www.brookings.edu/research/articles/2002/03/spring-global environment-telhami.

7. Gregory Gause, *Oil Monarchies* (New York: Council on Foreign Relations, 1994), 42–49.

8. Scholars who view rentierism as a structural phenomenon that necessarily leads to specific political and economic outcomes are divided. For example, Jeffrey D. Sachs and Andrew M. Warner, "Natural Resource Abundance and Economic Growth," National Bureau of Economic Research working paper, December 1995; Terry Lynn Karl, *Paradox of Plenty: Oil Booms and Petro-States* (Berkeley: University of California Press, 1997); Karl, "Perils of the Petro-State"; and Moises Naim, "The Devil's Excrement: Can Oil-Rich Countries Avoid the Resource Curse?" *Foreign Policy* 174 (2009): 160–62, all suggest that the resource curse is a phenomenon that plagues all rentier states equally. However, Benjamin Smith, "Oil Wealth and Regime Survival in the Developing World 1960–1999," *American Journal of Political Science* 48, no. 2 (2004): 232–46; Gause, *Oil Monarchies*; and Kevin M. Morrison, "Oil, Non-Tax Revenue, and the Redistributional Foundations of Regime Stability," *International Organization* 63 (2008): 107–38, counter that resource-dependent states are actually quite stable. Still, both sides utilize resource dependence as a structural explanation for (in)stability.

9. For conceptions on how rentier states differ and explanations for varying degrees of economic and political stability, see Matthias Basedau and Wolfram Lacher, "Paradox of Plenty? Rent Distribution and Political Stability in Oil States," GIGA (German Institute of Global and Area) Studies working paper: *Dynamics of Violence and Security Cooperation*, Hamburg, Germany, 2006; Basedau and Jann Lay, "Resource Curse or Rentier Peace? The Ambiguous Effects of Oil Wealth and Oil Dependence on Violent Conflict," *Journal of Peace Research* 46 (2009): 757–76; Eva Bellin, "The Robustness of Authoritarianism in the Middle East: Exceptionalism in Comparative Perspective," *Comparative Politics* 36, no. 2 (2004): 139–57; A. D. Boschini, J. Pettersson, and J. Roine, "Resource Curse or Not: A Question of Appropriability," *Scandinavian Journal of Economics* 109 (2007): 593–617; P. Collier and A. Hoeffler, "Democracy and Resource Rents," Department of Economics, University of Oxford, 2005; C. Leite and M. Weidmann, "Does Mother Nature Corrupt? Natural Resources, Corruption and Economic Growth," IMF working paper WP/99/85, Washington, DC, 1999; P. Jones Luong and Erika Weinthal, "Rethinking the Resource Curse: Ownership Structure, Institutional Capacity, and Domestic Constraints," *Annual Review of Political Science* 9 (2006): 241–63; H. Mehlum, K. Moene, and R. Torvik, "Institutions and the Resource Curse," *Economic Journal* 116 (2006): 1–20; Gwenn Oruhlik, "Rentier Wealth, Unruly Law, and the Rise of Opposition: The Political Economy of Rentier States," *Comparative Politics*, 1999; J. Robinson, T. Verdier, and R. Torvik, "Political Foundations of the Resource Curse," *Journal of Development Economics* 79 (2006): 447–68; Torvik, "Why Do Some Resource Abundant Countries Succeed While Others Do Not?" *Oxford Review of Economic Policy* 25, no. 2 (2009): 241–25; and Jany Ulfelder, "Natural Resource Wealth and the Survival of Autocracies," *Comparative Political Studies* 40, no. 8 (2007): 995–1018.

10. Sachs and Warner, "Natural Resource Abundance and Economic Growth"; Karl, *Paradox of Plenty*; and Naim, "Devil's Excrement."

11. Gause, *Oil Monarchies*; Smith, "Oil Wealth and Regime Survival in the Developing World"; and Morrison, "Oil, Non-Tax Revenue, and the Redistributional Foundations of Regime Stability."

12. Torvik, "Why Do Some Resource Abundant Countries Succeed While Others Do Not?"

13. See Michael Alexeev and Robert Conrad, "The Natural Resource Curse and Economic Transition," Duke University Sanford School of Public Policy working papers series SAN09-04, 27 May 2009; Boschini et al., "Resource Curse or Not"; Sambit Bhattacharyya and Roland Hodler, "Natural Resources, Democracy and Corruption," OxCarre research paper no. 2009-20, Oxford Centre for the Analysis of Resource Rich Economies; Luong and Weinthal, "Rethinking the Resource Curse"; and Leite and Weidmann "Does Mother Nature Corrupt?"

14. Bellin, "Robustness of Authoritarianism in the Middle East"; and Daniel L. Byman and Jerrold D. Green, "The Enigma of Political Stability in the Persian Gulf Monarchies," *Middle East Review of International Affairs* 3, no. 3 (1999): 20–37.

15. Byman and Green, "Enigma of Political Stability in the Persian Gulf Monarchies."

16. Bellin, "Robustness of Authoritarianism in the Middle East."

17. Robert R. Copaken et al., "Symposium: Policy Implications of the Price of Oil," *Middle East Journal* 6, no. 4 (1994): 34–58.

18. Because of its reliance on oil, the United States has a vested interest in ensuring the stability and survival of friendly, pro-Western oil monarchies. Eva Bellin makes the point that after the Cold War, US international interests in the Gulf remained stable because of oil, while interests in other areas—namely Latin America—waned. Despite the continued interest in oil, some have argued that the United States gains little from its Gulf presence. See also Telhami, "Persian Gulf."

19. Bellin, "Robustness of Authoritarianism in the Middle East," 144.

20. According to the US State Department, Bahrain collects 76 percent of its government revenues from the sale of oil and natural gas; the figure is 95 percent for Kuwait and 62 percent for Qatar. World Bank statistics indicate that Saudi Arabia collects 74 percent of government revenue from the sale of oil. Oil accounts for 68 percent of Oman's government revenue according to a report on its 2011 budget (Joice Mathew, Santhosh Balakrishnan, and Tariq Mustafa Salman, "Oman Budget 2011 & 8th Five Year Plan 2011–15: Key Analysis and Review," http://usoman.com.om/UploadFiles/129627953931718750Budget%20and%208th%20Five%20year%20Plan%20Review_18_jan%20_2010.pdf). The IMF reports the UAE collects just over 50 percent of its revenue from oil (Ugo Fasano and Zubair Iqbal, "GCC Countries: From Oil Dependence to Diversification," *International Monetary Fund*, http://www.imf.org/external/pubs/ft/med/2003/eng/fasano/index.htm).

21. Smith, "Oil Wealth and Regime Survival in the Developing World."

22. After the Iranian Revolution and the Soviet invasion of Afghanistan in 1979, the Carter and Reagan administrations attempted to gain direct access to the Gulf states, and Saudi Arabia in particular. With the exception of Oman, all declined due to growing fear of spreading Iranian revolutionary fervor as well as the US inability to assuage the Arab-Israeli conflict that had begun to spill over into the Gulf region. Still, despite a lack of direct presence, the Gulf states were aligned with the United States.

23. Josh Pollack, "Saudi Arabia and the United States, 1931–2002," *Middle East Review of International Affairs* 6, no. 3 (2002), http://meria.idc.ac.il/journal/2002/issue3/jv6n3a7.html.

24. Quoted in Greg Bruno, "Saudi Arabia and the Future of Afghanistan," *Council on Foreign Relations*, 11 December 2008, http://www.cfr.org/afghanistan/saudi-arabia-future-afghanistan/p17964.

25. "Saudis Warn US over Iraq War," *BBC News*, 17 February 2003, http://news.bbc.co.uk/2/hi/middle_east/2773759.stm.

26. Hermann F. Eilts, "Security Considerations in the Persian Gulf," *International Security* 5, no. 2 (1980): 87.

27. Nawaf Obaid, "Amid the Arab Spring, a US-Saudi Split," *Washington Post*, 15 May 2011, http://www.washingtonpost.com/opinions/amid-the-arab-spring-a-us-saudi-split/2011/05/13/AFMy8Q4G_story.html.

28. Flynt Leverett and Jeffrey Bader, "Managing China-US Energy Competition in the Middle East," *Washington Quarterly* 29 (Winter 2005/2006): 188–89.

29. Anthony H. Cordesman and Khalid R. Al-Rodhan, *Gulf Military Forces in an Era of Asymmetric Wars* (Westport, CT: Praeger Security International, 2007).

30. See Peter Sutherland, "Transforming Nations: How the WTO Boosts Economies and Opens Societies," *Foreign Affairs* 87, no. 2 (March/April 2008). Trade investment framework agreements (TIFA) are generally seen as precursors to full free trade agreements (FTA).

31. These efforts also extend beyond Saudi Arabia. In Kuwait, the United States supports "Project Kuwait," which would allow foreign investment to develop its northern oil field. This would generate an extra 500,000 barrels-per-day of oil production. The United States and Kuwait also signed a TIFA to engender greater trade relations between the two countries. Going even further, it signed a full FTA with Oman, which Kenneth Katzman considers "pivotal in helping Oman diversify its economy to compensate for its relatively small reserves of crude oil." Katzman, *Oman: Reform, Security and US Policy* (Washington: CRS, 30 August 2012), 2, http://www.fas.org/sgp/crs/mideast/RS21534.pdf. The United States also helped bring the UAE into the WTO and in 2004 signed a FTA with Bahrain.

32. Harsh V. Pant, "Saudi Arabia Woos China and India," *Middle East Quarterly* 13, no. 4 (2006): 45.

33. See Leverett and Bader, "Managing China-US Energy Competition in the Middle East," 191; and Steve Yetiv, "China, Saudi Arabia Broaden Ties under U.S. Security Umbrella," *World Politics Review*, 9 September 2011, http://www.worldpoliticsreview.com/articles/8428/china-saudi-arabia-broaden-ties-under-u-s-security-umbrella. Iran has also seen a marked spike in its oil exports to China. And for Tehran, given its tensions with the West over its nuclear program and the Arab-Israeli conflict, a close partnership with a counterbalancing power is particularly welcome.

34. Borzou Daragahi, "China Goes beyond Oil in Forging Ties to Persian Gulf," *New York Times,* 13 January 2005, C-8. While Chinese oil companies traditionally seek equity stakes—returns given as shares of the oil produced—this is prohibited in Saudi Arabia. Therefore, other arrangements were made that were less favorable financially.

35. Pant, "Saudi Arabia Woos China and India," 45.

36. Yetiv and Lu, "China, Global Energy, and the Middle East," 199–218.

37. "China, Saudi Arabia Convene on Economy, Trade," *China Daily*, 11 January 2010, http://www.chinadaily.com.cn/china/2010-01/11/content_9297021.htm.

38. Leverett and Bader "Managing China-US Energy Competition in the Middle East," 195–96.

39. See Copaken et al., "Symposium."

40. Jeffrey Towson, "Saudi Arabia's Economy is Experiencing its Largest Boom in Years," *Business Insider*, 23 March 2011, http://www.businessinsider.com/wow-saudi-arabias-economy-booms-2011-3.

41. "Saudi Arabia," *Export Development Canada*, August 2011, http://www.edc.ca/english/docs/gsaudiarabia_e.pdf.

42. "Background Note: Saudi Arabia," State Department Bureau of Near Eastern Affairs, 6 May 2011, http://www.state.gov/r/pa/ei/bgn/3584.htm#econ.

43. Paul Wolfowitz, "Defense Planning Guide, 1994–1999," 10. The document was leaked to the *New York Times* in 1992, causing a firestorm that led the Bush administration to revise and dilute the document. The controversy arose from various scholars, policymakers, and pundits criticizing a US strategy that sought to dominate the Middle East by preventing the emergence of any regional power. See the digital "National Security Archive" at George Washington University, http://www.gwu.edu/~nsarchiv/nukevault/ebb245/index.htm.

44. Alfred B. Prados, *Saudi Arabia: Current Issues and U.S. Relations*, CRS issue brief for Congress (Washington: CRS, 15 September 2003), 13, http://www.fas.org/sgp/crs/mideast/IB93113.pdf.

45. On Chinese arms supplies to the region during the 1980s, see Anthony H. Cordesman, *Saudi Arabia: Guarding the Desert Kingdom* (Boulder, CO: Westview Press, 1997), 108–10.

46. Pant, "Saudi Arabia Woos China and India," 46.

47. Henry Meyer, "China and Saudi Arabia Form Stronger Trade Ties," *New York Times*, 20 April 2010, http://www.nytimes.com/2010/04/21/business/global/21energy.html.

48. Yetiv, "China, Saudi Arabia Broaden Ties under U.S. Security Umbrella."

49. Some argue that China is comfortable "free-riding" on the "American security blanket" while others note that it seeks to expand its military capabilities to ensure its energy security in the region. For a discussion on this issue, see Yetiv and Lu, "China, Global Energy, and the Middle East."

50. The Saudis have purchased arms from other nations, including Britain, France, and China, but the United States has remained the kingdom's predominant arms supplier and guarantor of military security.

51. Gal Luft, "Fueling the Dragon: China's Race into the Oil Market," Institute for the Analysis of Global Security, 2003, http://www.iags.org/china.htm.

52. Simon Henderson, "Chinese-Saudi Cooperation: Oil but also Missiles," *PolicyWatch* no. 1095, 21 April 2006, http://www.washingtoninstitute.org/policy-analysis/view/chinese-saudi-cooperation-oil-but-also-missiles.

53. See Morrison, "Oil, Non-Tax Revenue, and the Redistributional Foundations of Regime Stability"; Smith, "Oil Wealth and Regime Survival in the Developing World"; Byman and Green, "Enigma of Political Stability in the Persian Gulf Monarchies"; and Ulfelder, "Natural Resource Wealth and the Survival of Autocracies."

54. Bellin, "Robustness of Authoritarianism in the Middle East"; and Byman and Green, "Enigma of Political Stability in the Persian Gulf Monarchies."

55. Gerd Nonneman, "Security and Inclusion: Regime Responses to Domestic Challenges in the Gulf," *Whitehall Papers* 51, no. 1 (2000): 107–15. This 1990s study demonstrated that most violence was a show of resistance against oil and US facilities rather than the regime itself.

56. Four prominent authors offered varying takes on the prudence of such an arms sale, though most recognized it was inevitable. See Anthony H. Cordesman, William Hartung, Loren Thompson, and F. Gregory Gause III, "Is Big Saudi Arms Sale a Good Idea?" *Council on Foreign Relations Expert Roundup*, 27 September 2010, http://www.cfr.org/defensehomeland-security/big-saudi-arms-sale-good-idea/p23019.

57. Jay Solomon, "Saudi Suggests 'Squeezing' Iran over Nuclear Ambitions," *Wall Street Journal*, 22 June 2011, http://online.wsj.com/article/SB10001424052702304887904576400083811644642.html.

58. For varying discussions of the role of domestic considerations on China's foreign policy, see Elizabeth C. Economy, "The Game Changer," *Foreign Affairs* 89, no. 6 (November/December 2010); and Ziegler, "Energy Factor in China's Foreign Policy."

59. Because Pakistan is not an NPT signatory, legal prohibition against sharing its nuclear technology is more ambiguous.

60. For a mere sampling of these debates, see Joseph S. Nye, "The Future of American Power: Dominance and Decline in Perspective," *Foreign Affairs* 89, no 6 (November/December 2010): 2–12; Aaron L. Friedberg, "The Future of U.S.-China Relations: Is Conflict Inevitable?" *International Security* 30, no. 2 (2005): 7–45; Alastair Iain Johnston, "Is China a Status Quo Power?" *International Security* 27, no. 4 (2003): 5–56; Gerald Segal, "Does China Matter?" *Foreign Affairs,* 78, no. 5 (September/October 1999): 24–36; and Elizabeth C. Economy and Adam Segal, "The G-2 Mirage," *Foreign Affairs* 88, no. 3 (May/June 2009).

61. Friedberg, "Future of U.S.-China Relations," 10.

62. For a discussion of Beijing's perception of Washington's aggressive liberal foreign policy, see Lanxin Xiang, "Washington's Misguided China Policy," *Survival* 43, no. 3 (2001): 7–23.

63. Yetiv, "China, Saudi Arabia Broaden Ties under U.S. Security Umbrella."

64. Evan S. Medeiros and Bates Gill, *Chinese Arms Exports: Policy, Players, and Process* (Washington: Strategic Studies Institute, 2000).

65. Paula DeSutter, "China Should Tighten Missile Controls," remarks by assistant secretary of state before the U.S.-China Economic and Security Review Commission, 24 July 2003, http://www.nti.org/db/china/engdocs/desutter_0724.htm.

66. Richard F. Grimmett, *Conventional Arms Transfers to Developing Nations, 2002–2009* (Washington: CRS, September 2010), 66, http://www.fas.org/sgp/crs/weapons/R41403.pdf.

67. John Pomfret, "Chinese Firms Bypass Sanctions on Iran, U.S. Says," *Washington Post*, 18 October 2010, http://www.washingtonpost.com/wp-dyn/content/article/2010/10/17/AR2010101703723.html.

68. Helene Cooper, "U.S. Approval of Taiwan arms Sales Angers China." *New York Times*, 29 January 2010, http://www.nytimes.com/2010/01/30/world/asia/30arms.html.

69. The same was true of Hosni Mubarak's reign. Once the reformist movement reached a critical mass, no amount of concessions could appease the population.

70. Of course the United States and the Saudis have enjoyed close relations despite the Arab-Israeli conflict, and the relationship has even deepened. During the 1970s and 1980s, the Saudis (and Kuwaitis) refused to host a US presence, citing sensitivities surrounding US policy toward Israel and the lack of a solution to the conflict. The tune however changed in the early 1990s as Saddam Hussein came to be seen as a threat at the same time that Arab-Israeli tensions seemed to temporarily take a backseat within the broader regional context. Still, increased domestic pressure against the Saud regime to distance itself from US policy vis-à-vis the conflict could gradually chip away at US-Saudi relations. This does not suggest that an end to the special relationship is imminent; rather, it points to a potential source of disagreement that has, in the past, proven to be an obstacle to relations.

71. Yetiv, "China, Saudi Arabia Broaden Ties under U.S. Security Umbrella."

72. Robert Kaplan, "The Geography of Chinese Power," *Foreign Affairs* 89, no. 3 (May/June 2010).