



# RCAS Commentary

## Trump 2.0: Gulf's Impact on China

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## About RCAS

香港亞洲研究中心| The Hong Kong Research Center for Asian Studies (RCAS) is a nonprofit research organization focusing on Asian affairs. It is a newly established institution founded in February 2022 by Dr. Nian Peng in Haikou and subsequently moved to Hong Kong in September 2023. We currently have an international research team with nearly 100 resident/nonresident researchers from China and other countries.

RCAS aims to become a leading research institute and think tank on Asian affairs in the Indo-Pacific region. To date, RCAS has conducted research programs on maritime disputes in the South China Sea (SCS), China's relations with the Indo-Pacific states, the Belt and Road Initiative (BRI), terrorism/counterterrorism in the Afg-Pak region, and so on. It is committed to promoting maritime cooperation, regional integration, and regional peace in the Indo-Pacific region at large.

RCAS has published nearly ten books in Chinese and English and more than 20 papers in SSCI/SCOPUS/CSSCI-indexed journals. Recent English publications include *Populism, Nationalism and South China Sea Dispute: Chinese and Southeast Asian Perspectives* (Singapore: Springer Nature, 2022); *Pakistan's Foreign Policy: Contemporary Developments and Dynamics* (London: Routledge, 2022); *Crossing the Himalayas: Buddhist Ties, Regional Integration and Great-Power Rivalry* (Singapore: Springer Nature, 2021); *The Reshaping of China-Southeast Asia Relations in Light of the COVID-19 Pandemic* (Singapore: Springer Nature, 2021); *Territorial Disputes, The Role of Leaders and The Impact of Quad: A Triangular Explanation of China-India Border Escalations* (2023); *Managing the South China Sea Dispute: Multilateral and Bilateral Approaches* (2022); *China-Pakistan Cooperation on Afghanistan: Assessing Key Interests and Implementing Strategies* (2022); *Hedging Against the Dragon: Myanmar's Tangled Relations with China since 1988* (2021); and *China-Pakistan Conventional Arms Trade: An Appraisal of Supplier's and Recipient's Motives* (2020).

RCAS has also published hundreds of articles, and its researchers have been interviewed in various local and international media outlets, such as *The Diplomat* in the United States, *East Asian Forum (EAF)* in Australia, *Bangkok Post* in Thailand, *Jakarta Post* in Indonesia, *Lian He Zao Bao*, *Think China* in Singapore, *South China Morning Post (SCMP)*, *China-US Focus* in Hong Kong, *CGTN*, *Global Times*, *World Affairs* in China. RCAS researchers have actively participated in international conferences or study visits in the United States, India, Pakistan, Sri Lanka, Nepal, Myanmar, Cambodia, and other places.

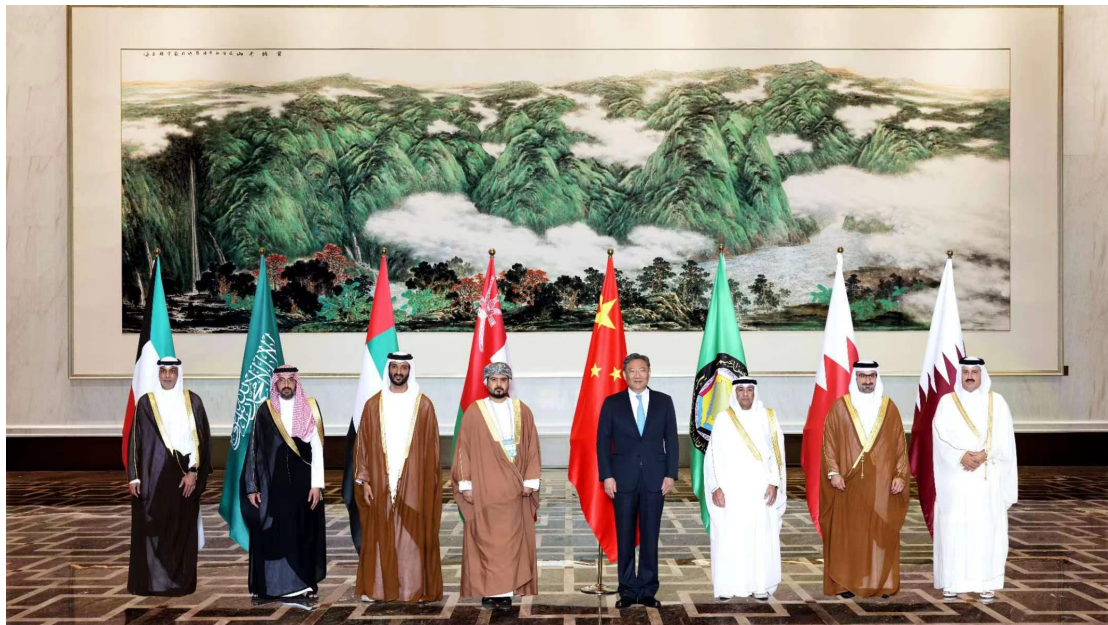
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## Trump 2.0: Gulf's Impact on China

*Ghulam Ali*

Donald Trump will begin his second term as the 47th U.S. president on Jan. 20. This consequential development will occur just as the U.S.-China rivalry has become a decisive force in shaping global geopolitics. While the rivalry will manifest across various spheres, it will be particularly pronounced in the Persian Gulf region for several reasons.



▲ A meeting of the economic and trade ministers of China and the six member states of the Gulf Cooperation Council is held in Guangzhou, south China's Guangdong Province, October 22, 2023.  
/Chinese Commerce Ministry.

The region, which is at the core of the broader Middle East, is rich in oil and gas reserves. It also occupies a key geostrategic position at the juncture of East and West and holds spiritual significance for three major religions. Although most scholars downplay the role of religion, the truth is that religion is central to the chronic conflicts of the Middle East. Most important, the region has remained under U.S. dominance throughout its postcolonial period; therefore, as soon as China began to expand its influence, U.S. policymakers went on the alert. It was against this backdrop that Washington readjusted its strategic focus from the Indo-Pacific back to the Gulf to restrain China's influence there.

China has developed important economic, energy, investment and technological ties with the Persian Gulf region. The relationship took an upward turn in January 2016

when President Xi Jinping visited key countries: Saudi Arabia, Egypt and Iran. Xi's second visit to the region in December 2022 proved even more impactful. At that time, Xi participated in three crucial China-Saudi Arabia, China-Gulf, and China-Arab World summits, heralding a new era in two-way relations.

### **Bull in a China shop**

While Xi's 2016 visit to the Gulf alerted U.S. officials in an election year, most of them were focused on politics. The newly elected president, Donald Trump, chose Saudi Arabia for his first foreign visit in May 2017. During his four years in office (2017-21), his policies focused on consolidating the U.S. position in the Gulf region. He reversed decades of U.S. policy and international consensus by recognizing Jerusalem as the capital of Israel and accepting the Israeli occupation of the Golan Heights.

Consolidating Israel's position in the region through virtually unconditional support remained at the core of U.S. Middle East policy. In 2018, the Trump administration withdrew from the Joint Comprehensive Plan of Action (JCPOA) — the Iran nuclear deal. In 2020, Trump brokered the Abraham Accords, which led to Israel's normalization of relations with the UAE, Bahrain, Sudan and Morocco without any progress on the Palestinian issue. The administration embedded Israel within the Arab world, formed a quasi-alliance against Iran and reduced space for China.

These policies succeeded for two reasons. First, the Gulf States were undergoing internal turmoil, which weakened their diplomacy. Saudi Crown Prince Muhammad bin Salman faced severe Western criticism over human rights issues, the Saudi-led airstrikes in Yemen and the murder of Washington Post journalist Jamal Khashoggi. Most Gulf States, with the exception of Qatar, viewed Iran as a rival. In 2016, Saudi Arabia severed diplomatic ties with Iran, and from June 2017 to January 2021, Saudi Arabia and the UAE-led coalition boycotted Qatar. Further, the little diplomatic leverage Riyadh and Abu Dhabi had was used to lobby Trump to withdraw from the JCPOA, which he did in 2018.

Second, China and the Gulf states held divergent perspectives on important regional issues. For instance, unlike most Gulf states, China sought to break Iran's isolation and played a key role in finalizing the JCPOA. Gulf states viewed this role warily. Although China maintained its neutrality on the boycott of Qatar by several Gulf nations, this division affected Beijing's relations within the region.

### **Water under the bridge**

Since Trump's first term, a lot has transpired in the Gulf region. America's lukewarm approach to the Houthi attacks on the UAE and Saudi Arabia, its unconditional

support for Israel and its selective emphasis on human rights have affected the decades-old relationships between the Gulf states and the U.S., which is based on oil-for-security arrangements. Moreover, the Gulf region has reconciled intraregional disputes with the end of the boycott of Qatar in 2021, frozen the Yemen conflict, diversified partnerships and demonstrated assertiveness.

In a single decisive diplomatic move, China brokered a deal that restored the diplomatic relationship between Saudi Arabia and Iran in March 2023. This significant development changed the regional dynamics and improved relations between many Gulf States and Iran. In November 2023, Iranian President Ebrahim Raisi visited Saudi Arabia for the first time in years. Over the course of a year, Saudi Arabia sent its army chief to Teheran, and the two countries participated in a joint naval exercise. To prevent spoilers from undermining the nascent Saudi-Iranian rapprochement, China remained engaged with both. Earlier in November, the deputy foreign ministers from these three countries held a second meeting in Riyadh and committed to continuing their cooperation. Both China and the Gulf States share common interests in developing closer relations with Iran.

Parallel to this, relations between China and the Gulf states also improved significantly, with bilateral trade reaching \$315.8 billion in 2022. They shared a mutual perspective on the urgent need for a cease-fire in Gaza and the need for a Palestinian state as a viable resolution to the Middle East conflict. The Organization of Islamic Cooperation prioritized diplomatic efforts with China to address the Gaza crisis and sent several delegations to Beijing.

### **Bull in a China shop—again**

Considering the trajectory of Trump’s first term, his statements during the campaign and his nominations after his victory suggest his policies will impact the Gulf region-and Gulf-state relations with China-in a number of ways.

First, Trump is likely to implement his “maximum pressure” policy on Iran, which has already been facing crippling Western sanctions. Additional curbs or even an attack, perhaps with the help of Israel, would destabilize the entire region. As mentioned before, the Gulf states no longer view Iran as a rival.

China also holds considerable interest in Iran. In March 2021, Beijing and Teheran signed their 25-year Comprehensive Strategic Partnership agreement, under which China promised to invest nearly \$400 billion in Iran in the coming decades. Therefore, any destabilization of Iran would directly affect the interests of the Gulf states and China alike.

Second, Trump is likely to expand the Abraham Accords by pushing other Arab and Islamic countries to normalize relations with Israel. He will particularly push for Saudi-Israeli normalization. The Biden administration negotiated a draft defense pact with Riyadh offering security guarantees against external threats in exchange for recognition of Israel. One of the objectives of this draft pact is to prevent Saudi Arabia from moving closer to China.

While Saudi-Iranian normalization might not affect Beijing, a defense pact could. Under a formal defense pact, Saudi Arabia would be legally bound to reduce its ties with China in areas that Washington considers to be against its interests.

Third, Trump will likely resort to luxury arms deals. Oil-rich Gulf monarchies are driven by a deep-seated sense of vulnerability to their regimes, which pushes them to seek security assurances and invest heavily in weapon acquisitions. They would be willing to purchase expensive yet sophisticated U.S. weapons.

China does not have a significant share of the Gulf arms market, nor does it offer weapons that are attractive, given their relatively low quality compared with those of the United States. The combination of U.S. arms incentives and formal defense arrangements — such as the proposed defense pact with Saudi Arabia, the signing of the Comprehensive Security Integration and Prosperity Agreement, or C-SIPA, with Bahrain (2023), a 10-year extension of its military presence at Al Udeid Air Base in Qatar (2024) and granting major defense partner status to the UAE (2024) — would strengthen the U.S. position in the Gulf and limit China's strategic space.

Fifth, Trump may intensify the Biden administration's policy of pressuring the Gulf States to take sides. Under such pressure, some Saudi and Emirati tech and defense companies divested from China. Given the Gulf rulers' security dependence on the U.S., they may simply comply, albeit reluctantly.

Finally, Trump may leverage his personal connections with Gulf monarchies to enhance strategic cooperation. He has built strong ties with the Saudi ruling elite. His son-in-law, Jared Kushner (who may play a role in the new administration) maintained relationships with the Saudi royal family even during Trump's time out of office. Additionally, public fund managers from Saudi Arabia, the UAE and Qatar have invested in Elon Musk's Tesla. Representatives of Gulf public investment funds were seen sitting next to Trump after his election victory. These personal relationships are crucial for navigating significant diplomatic challenges. In contrast, Chinese diplomacy has not emphasized building personal connections, at least in the Middle East. This may put China at a disadvantage.

## Conclusion



The Gulf region has become an important theater of the China-U.S. rivalry. As a long-term dominant player in the region, the United States views China's inroads as a challenge to its supremacy. On the other hand, China has developed crucial energy, economic, investment and technological interests there. During Trump's first term, the U.S. strengthened its position through luxury arms deals and integrated Israel into the Arab world. The Biden administration has utilized defense treaties and applied pressure where necessary to compel regional countries to divest from China.

While uncertainty surrounds what Trump's policies might be during U.S. Presidency 2.0, a more confrontational approach is likely to emerge when considering the trajectory of U.S. policy. However, given the unity of the Gulf states, their diversified partnerships and their degree of assertiveness — along with China's overall rise on the global stage and its deepened relationships in the region — U.S. dominance may be constrained. Even so, China must devise policies to navigate the unexpected strategic challenges it might encounter.

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## About Author



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