



# RED DRAGON MENACING

Chinese Communist Party(CCP) Exposed

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## 871. China Lures the Saudis Into Its Orbit



*The capital of Saudi Arabia, Riyadh, on Aug. 22, 2016. (Fedor Selivanov/Shutterstock)*

# China Lures the Saudis Into Its Orbit

*China's budding relationship with Saudi Arabia threatens the US*



Anders Corr

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News Analysis

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The Kingdom of Saudi Arabia (KSA) is considering a major defection from its long-standing economic alliance with the United States. The likely winner would be China.

Having priced all of its oil in dollars since 1974, which has helped give the greenback massive value globally, the Saudis are softening to persuasion from Beijing, to start pricing some of its oil in yuan.

This fits the Chinese Communist Party's (CCP) goal to become globally hegemonic, as oil pricing in yuan would increase the yuan's value and decrease the value of dollars, making it harder for the United States to issue debt and export goods. Countries around the world would start dumping the dollar as a reserve currency.

Inflationary pressure would lead to a downward spiral in the dollar's value. This would be a long process, but Beijing is

now making headway in Riyadh, the Saudi capital. The Organization of the Petroleum Exporting Countries (OPEC), plus Russia, would likely follow the kingdom's lead, and start regularly pricing oil in currencies other than the dollar.

The KSA should be resistant to the move, however, as its currency, the riyal, is pegged to the dollar, its debt is priced in dollars, and it has extensive investment in the United States.

“The Saudi central bank had assets worth \$492.8 billion at the end of January, including \$119 billion in U.S. Treasuries,” according to Reuters. “The government had foreign currency debt—mostly in dollars—of \$101.1 billion at the end of 2021, while the Saudi sovereign wealth fund held \$56 billion in U.S. equities.”

While for the above reasons analysts say a major Saudi shift to yuan pricing is unlikely, some do admit the possibility of some Saudi oil pricing in yuan, which would be water over the dam, allowing for more such pricing, and pricing in other non-dollar currencies as well. Every purchaser of oil is likely to want oil priced in its own currency if it sees the floodgates breached by Beijing.

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*A view shows branded oil tanks at Saudi Aramco oil facility in Abqaiq, Saudi Arabia, on Oct. 12, 2019. (Maxim Shemetov/Reuters)*

If Riyadh did move away from the dollar, perhaps also to a basket of world currencies, as was proposed decades ago, it would therefore be a major global change in oil pricing. The cause would not only be China's rise, but the Biden administration's deteriorating relations with the KSA, which throughout the Cold War helped the United States and its allies through oil policies that attempted to stabilize the price and maintain the flow.

After the 1979 revolution in Iran, which turned it anti-Western, the Saudis and most other Arab countries remained staunchly allied to the United States. Riyadh supported Washington throughout the Cold War, Iraq wars, and during the Afghanistan war. The United States also supported the Saudis during this period, defending the country, along with its Kuwait ally, from the Iraqi threat.

The Trump administration attempted to maintain a positive relationship with Saudi Arabia, visiting for photo shoots with the aging king, selling jets, and avoiding all questions of the country's human rights abuse, including in the Yemen War, which is fought by Houthis backed by Iran. Almost no mention was made of the 2018 killing of journalist Jamal Khashoggi at the Saudi Consulate in Istanbul, Turkey.

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*US President Donald Trump (L) and Saudi Arabia's King Salman bin Abdulaziz Al-Saud gesture during a signing ceremony at the Saudi Royal Court in Riyadh on May 20, 2017. (MandelNgan/AFP/Getty Images)*

Democrats made much of this non-confrontational approach to the Saudis. But the Biden administration's shift to a more confrontational stance is having negative second- and third-order effects on America's weightier and less avoidable conflict with Beijing.

President Joe Biden has been publicly critical of Saudi Arabia's de facto leader, the Crown Prince Mohammed bin Salman Al Saud (also known as MBS). Perhaps due to the alleged human rights violations, Biden refuses to deal with the prince directly, instead demanding to deal with his 86-

year-old father, King Salman bin Abdulaziz Al-Saud, who has already passed the baton.

This is insulting to the prince and other powerful Saudis, who are snubbing Biden. MBS himself is looking away from Washington and refusing to take the phone calls of Biden, who desperately wants him to increase the flow of oil to bring it down from its astronomical \$110 per barrel.

Riyadh is pointedly prioritizing other diplomacy, including with Beijing, Moscow, London, and Tokyo. The United States did manage to send a security adviser to Riyadh on March 15, including to discuss Yemen, and British Prime Minister Boris Johnson flew in the following day. For damage control, the latter described Saudi Arabia and the United Arab Emirates, which is also increasingly close to Beijing, as “key international partners” in weaning the world from Russia’s oil and gas. On March 17, Japanese Prime Minister Fumio Kishida also begged for lower oil prices through an increase of Saudi supply.

MBS must realize that he has the world’s richest democracies over a barrel. He visited Beijing in 2019 and 2022, and invited Chinese leader Xi Jinping to visit Saudi



Arabia this year. He has given tacit support for Beijing's treatment of the Uyghurs, and for building a "strategic" partnership with the totalitarian behemoth.

Biden's failure to effectively distinguish between authoritarian allies and adversaries in the overarching conflict with Beijing likely hurt his relationship with the Saudis.

His December summit of democracies and identification of authoritarianism as the "defining challenge" of the era is true, but saying so publicly could hasten a counter-alliance of autocrats, including our traditional allies, the Saudis. Beijing is now working hard to make this anti-democratic coalition a reality by bringing Riyadh into the CCP's orbit.

By effectively binning U.S. allies—who admittedly have their human rights problems but are very regional—in with America's most dangerous adversaries, led by a genocidal Beijing that aspires to global hegemony, the Biden administration needlessly drove the former towards the latter.

*Anders Corr has a bachelor's/master's in political science from Yale University (2001) and a doctorate in government from Harvard University (2008). He is a principal at Corr Analytics Inc., publisher of the Journal of Political Risk, and has conducted extensive research in North America, Europe, and Asia. His latest books are "The Concentration of Power: Institutionalization, Hierarchy, and Hegemony" (2021) and "Great Powers, Grand Strategies: the New Game in the South China Sea" (2018).*

*<https://vs1.youmaker.com/assets/2022/0321/062dabae-a8d3-4556-8bc4-9dc9e1f70a59/audio.mp3?length=4498029&duration=375>*

