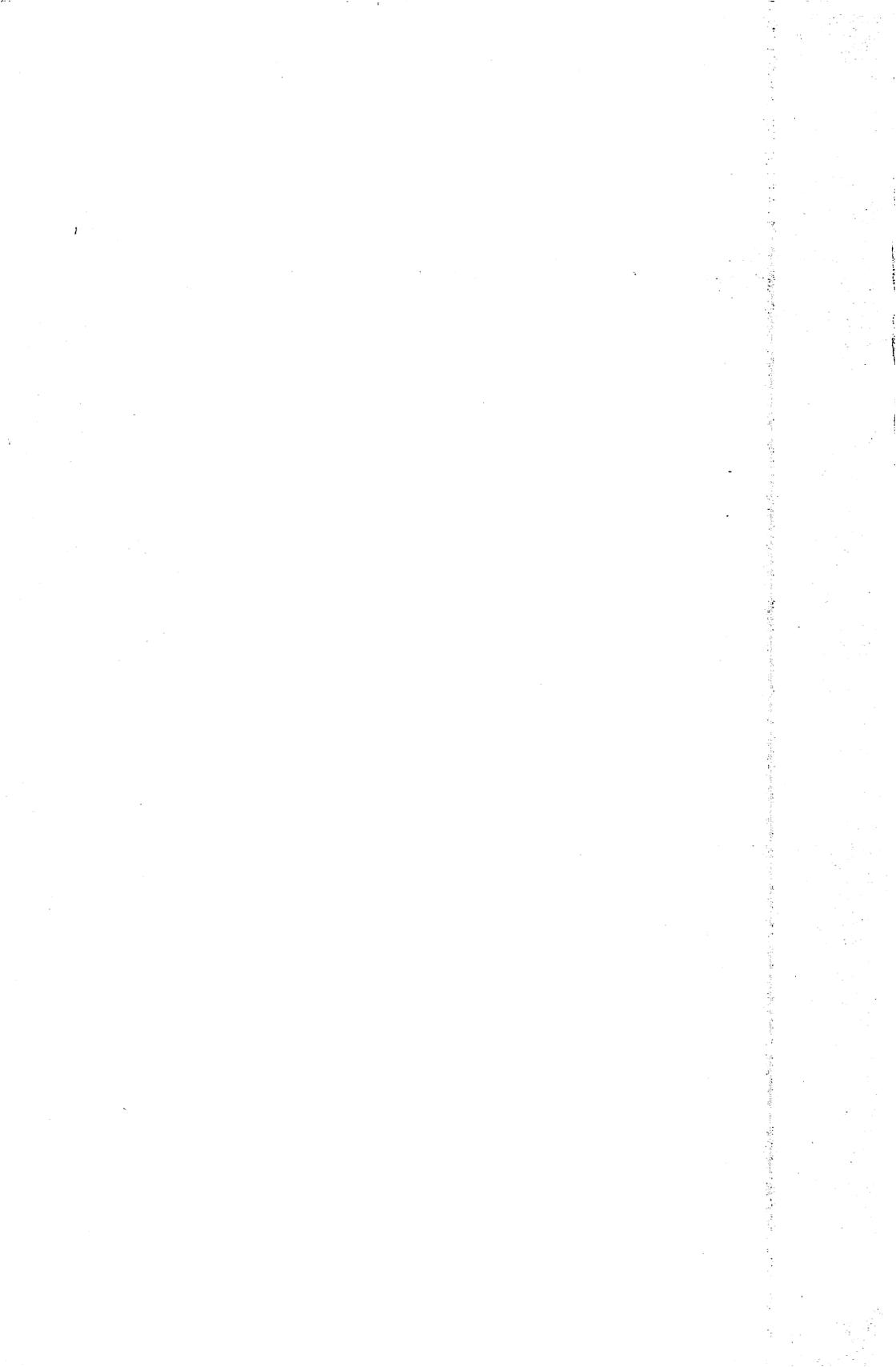


East Wind over Arabia





INSTITUTE OF EAST ASIAN STUDIES
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East Wind over Arabia

Origins and Implications of the Sino-
Saudi Missile Deal

YITZHAK SHICHOR

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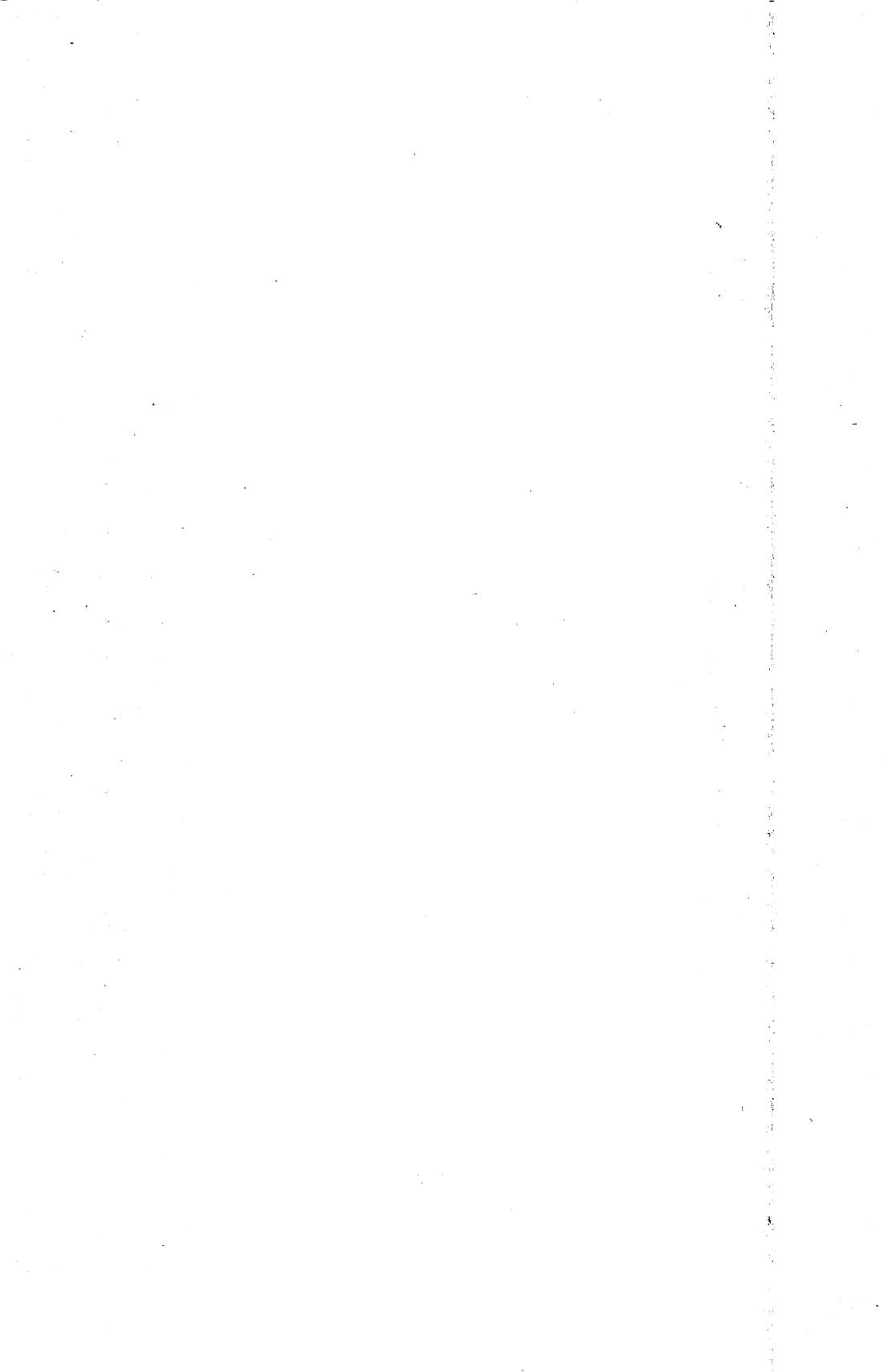
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Ms. Joanne Sandstrom, Managing Editor
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Preface

In early March 1988 I presented a paper to an international workshop on People's Liberation Army Affairs in 1987, held at the Sun Yat-sen Center for Policy Studies, the National Sun Yat-sen University in Kaohsiung, Taiwan. Dealing with the military transfers of the People's Republic of China, the paper briefly mentioned the Saudi Arabian connection as a channel for Chinese arms supplies to Iraq. Just a few days after the workshop ended, the Beijing-Riyadh missile deal hit the headlines and added a new, and extraordinary, dimension to China's already flourishing military transactions.

Still on my long way home, I began pondering about the origins of this unexpected development. By the time I returned, the urge to recapitulate the chain of events that had led to the missile deal, within the context of the evolving Sino-Saudi relations, had begun to take shape. This study is the result. It is based on a variety of sources initially accumulated for a book-length study of post-Mao China's Middle Eastern relations, which is under preparation. Following the missile deal, however, these sources have now been greatly supplemented, and what had originally been designed to be a rather short chapter has emerged instead as a short monograph.

Most of the work for this monograph was done under the auspices of the Harry S. Truman Research Institute for the Advancement of Peace, the Hebrew University of Jerusalem, which always provides a stimulating intellectual environment and assistance. In particular I would like to thank Riccardo Schwed, who has the library's Asia collections at his fingertips, for his unremitting and unwearied support over the years. Michal Pompian helped in combing some Arab sources, as well as in translating from Arabic. I would also like to thank John Dolfin, director of the Universities Service Centre in Hong Kong, for his permission to use the center's China collection. Banning Garrett and Bonnie Glaser

offered helpful comments, for which I am grateful. I am grateful also to Harold Z. Schiffrin and Ellis Joffe for encouraging me to publish this study. I, of course, assume the sole responsibility for its contents.

Yitzhak Shichor is Senior Lecturer of Political Science and East Asian Studies at the Hebrew University of Jerusalem. He received both his B.A. (1968) and M.A. (1972), in Political Science, History of the Islamic Countries and Chinese Studies, from the Hebrew University and his Ph.D. (1976), in International Relations, from the London School of Economics and Political Science. In 1976–1982 he was executive director of the Harry S. Truman Research Institute for the Advancement of Peace and in 1984–1987 was chairman of the Department of East Asian Studies, the Hebrew University.

Introduction

The disclosure in March 1988 of Saudi Arabia's acquisition of DF-3 (Dongfeng, namely East Wind) intermediate-range ballistic missiles (IRBMs) from the People's Republic of China (PRC) has caught all parties concerned by surprise. Yet, in retrospect, it was but another step, or rather a leap, in a nearly decade-old gradual and slow process of improving relations between the two countries. The origins of this process, which has gathered momentum since the late 1970s, can be traced back to the early 1950s; its implications may well be felt in the 1990s, if not beyond, and not merely in bilateral terms.

While the missile deal has attracted the attention of the international communications media, though not in a systematic way, Sino-Saudi relations have hardly been treated at all. For one reason, diplomatic relations between Beijing and Riyadh have been long delayed. For another, unofficial exchanges between the two countries, which appeared to have so little in common, failed to attract scholarly attention—all the more so since the evidence has been spread thin in numerous sources or buried in mountains of Marxist or Islamic rhetoric.

The main purpose of this study is, first, to trace the contours of PRC-Saudi Arabia relations, particularly during the decade 1978-1988. Throughout these years the Chinese have launched four consecutive offensives, on simultaneous fronts (Islam, economics, diplomacy, arms), to win Saudi recognition. The IRBM deal could be regarded as one of these offensives, probably the most effective and profitable—not merely in terms of money. To analyze the DF-3 transaction—its context, its implications, and significance for the PRC in domestic, bilateral, regional, and global perspectives—constitutes the second main purpose of this study.

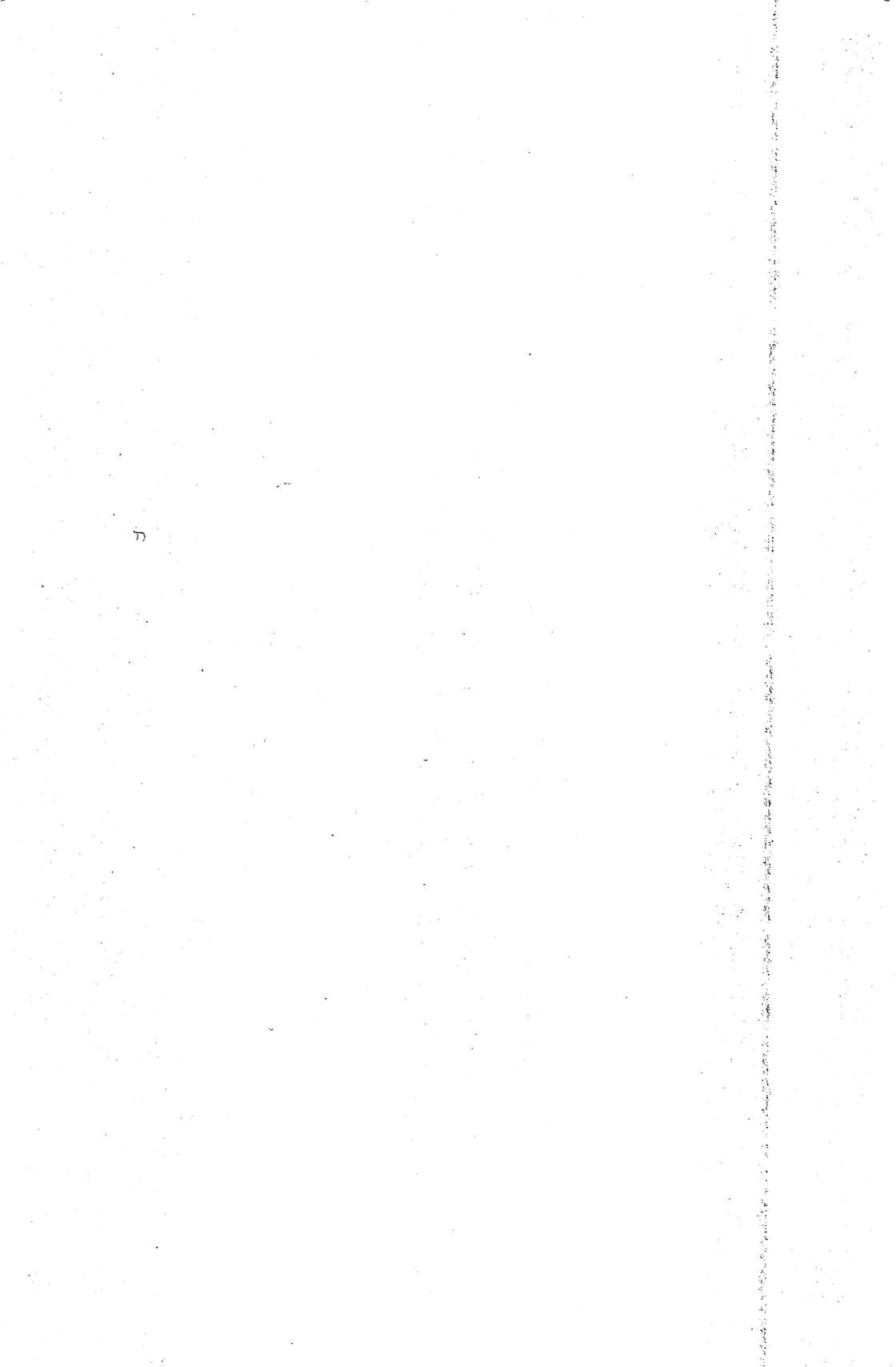
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Al-Ittihad (Abu Dhabi)
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Al-Majallah (London)
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Al-Sayyad (Beirut)
Al-Siyasah (Kuwait)
Al-'Ukaz (Jiddah)
Al-'Usbu' al-'Arabi (Paris)
Al-Watan al-'Arabi (Beirut/Paris)
Arab News (Riyadh)
China Daily (Beijing)
China Post (Taipei)
Daily Telegraph (London)
Free China Journal (Taipei)
Hongqi (Red flag) (Beijing)
Hsin wan pao (Hong Kong)
International Herald Tribune (Paris)
Khaleej Times (Dubay)
Korea Herald (Seoul)
Literaturnaya Gazeta (Moscow)
Ningxia ribao (Yinchuan)
Renmin ribao (People's daily) (Beijing)
Riyadh Daily
Saudi Gazette (Jiddah)
South China Morning Post (Hong Kong)
Sunday Times (London)
Japan Times (Tokyo)

Abbreviations

The following abbreviations are used in the footnotes.

AFP	Agence France Presse
ANSA	Agenzia Nazionale Stampa Associata
AP	Associated Press
BBC, <i>SWB-FE</i>	British Broadcasting Corporation, <i>Summary of World Broadcasts—Far East</i>
BBC, <i>SWB-SU</i>	BBC, <i>Summary of World Broadcasts—Soviet Union</i>
CNA	Central News Agency (Taipei)
<i>FEER</i>	<i>Far Eastern Economic Review</i>
FBIS	Foreign Broadcast Information Service
FBIS-CHI	FBIS, <i>Daily Report—China</i>
FBIS-MENA	FBIS, <i>Middle East–North Africa Report</i>
FBIS-NES	FBIS, <i>Near East–South Asia Report</i>
FBIS-SOV	FBIS, <i>Daily Report—Soviet Union</i>
IRNA	Islamic Republic News Agency (Teheran)
JPRS	Joint Publications Research Service
JPRS-CEA	JPRS, <i>China Report—Economic Affairs</i>
JPRS-CPS	JPRS, <i>China Report, Political, Social and Military Affairs</i>
JPRS-NEA	JPRS, <i>Near East–South Asia Report</i>
KUNA	Kuwait News Agency (Kuwait)
<i>MEED</i>	<i>Middle East Economic Digest</i>
MENA	Mid-East News Agency (Cairo)
SPA	Saudi Press Agency (Riyadh)
WAKH	Wikalat al-Anba' al-Khalijiyah (Gulf News Agency) (Manama)



CHAPTER ONE

The Background: 1949–1977

It is an irony of history that Islamic Arabia, which was so fast in forming official relations with the traditional Chinese empire, has been so slow in forming such relations with the PRC. Contacts between the Middle Kingdom and the Arabian Peninsula had, in fact, predated the advent of Islam, but they were institutionalized only from the mid-600s and then carefully documented in the Chinese dynastic histories and other works.¹ Some exchanges continued during the Republican period, but it was the proclamation of the PRC under the Chinese Communist Party (CCP) that presented both countries with a challenge, for better or, more likely, for worse.

Before the Cultural Revolution

For the Saudis, the new Communist regime represented an atheistic and oppressive government that had occupied the Chinese mainland illegally, by force. These perceptions were further exacerbated by Muslim refugees from China who gathered in the Middle East. In 1950 the “Turkestani community” in Cairo complained to King ibn Sa‘ud of Saudi Arabia that the Communist seizure of Xinjiang had been accompanied by chaos and a large-scale offensive against the Muslims.² Such accusations did not improve the Saudi

¹ On premodern China’s relations with Arabia see, for example: E. Bretschneider, *Mediaeval Researches from Eastern Asiatic Sources*, vol. 2 (London: Routledge & Kegan Paul, 1967), pp. 294–306; J.K. Fairbank and S.Y. Teng, “On the Ch’ing Tributary System,” in John K. Fairbank and Ssu-yu Teng, *Ch’ing Administration, Three Studies* (Cambridge, Mass.: Harvard University Press, 1960), pp. 107–246; F. Hirth and W.W. Rockhill, *Chau Ju-kua: His Work on the Chinese and Arab Trade in the Twelfth and Thirteenth Centuries* (St. Petersburg: Printing Office of the Imperial Academy of Sciences, 1912). See also Donald Daniel Leslie, *Islam in Traditional China* (Canberra: College of Advanced Education, 1986), pp. 20–32, and his Bibliography.

² Yitzhak Shichor, “The Role of Islam in China’s Middle Eastern Policy,” in Ra-

image among China's leaders, who tended to regard the Saudi regime as a reactionary, theocratic, and feudal kingdom that was, on the one hand, extremely hostile to communism as well as to the Soviet Union (at the time of the Beijing-Moscow honeymoon) and, on the other hand, closely associated with the United States, China's archenemy until the early 1970s. Worst of all, Riyadh officially recognized the Republic of China (ROC) in Taiwan as the only legitimate Chinese government and has maintained diplomatic relations with it since 1957. Yet despite all their misgivings, the Chinese have always treated Saudi Arabia leniently, and even respectfully, for a number of reasons.

To begin with, the PRC wished to avoid offending its own Muslim minorities. Though constituting less than two percent of China's population in the early 1950s, scattered all over the country, and divided among no fewer than ten different ethnic groups, they nonetheless amounted to about ten millions, outnumbering the Chinese in such vast and sensitive regions as Xinjiang. By paying homage to Saudi Arabia, the Chinese hoped to win the goodwill of their restive Islamic communities—whose legacy of insubordination had formed an integral part of China's dynastic histories—as well as the goodwill of other Islamic countries, in and outside the Middle East.³ The principal reason for China's favorable views of Saudi Arabia, however, had to do with global, strategic considerations.

Beijing, indeed, appreciated Riyadh's insistence on maintaining its independence, despite its association with the United States. One indication was Riyadh's consistent abstention in UN votes concerning the question of PRC representation.⁴ Another issue to inspire Chinese appreciation was Saudi Arabia's persistence in its dispute with Britain over the Buraymi Oasis and, more important,

phael Israeli and Anthony H. Johns, eds., *Islam in Asia*, vol. 2, *Southeast and East Asia* (Jerusalem: The Magnes Press, 1984), pp. 308, 316, n. 3.

³ On Chinese Muslims see "Figures and Tables of Non-Chinese Races," *China News Analysis*, no. 569 (June 18, 1956):1–3; Amrit Lal, "The Sinification of Ethnic Minorities in China," *Current Scene* (Hong Kong) 8:4 (February 15, 1970):1–24; Yang I-fan, *Islam in China* (Hong Kong: Union Research Institute, 1957); *Moslem Unrest in China* (Hong Kong: Union Research Institute, 1958); June Teufel Dreyer, "The Islamic Community of China," *The Search* 2:1 (1981):360–389; Raphael Israeli, "The Muslim Minority in the People's Republic of China," *Asian Survey* 21:8 (August 1981):901–919; idem, "China, Islam Behind the Bamboo Curtain," *Arabia: The Islamic World Review*, no. 1 (September 1981):34–41.

⁴ Yitzhak Shichor, *The Middle East in China's Foreign Policy 1949–1977* (Cambridge: Cambridge University Press, 1979), pp. 29, 31.

its refusal to join regional alliances. In the 1950s Saudi Arabia was applauded because it “pursued a policy of independence and peace...defending its sovereignty and national interests and...opposing participation in military blocs established by the Western countries in the Asian and African area.”⁵

Despite China’s conciliatory attitude, Saudi Arabia has made no attempt to recognize the PRC. Initially, it even aborted the customary *hajj* (pilgrimage) missions. The first, sent in 1953 soon after the establishment of the China Islamic Association, reached as far as Pakistan, where it was refused visas to Saudi Arabia. The subject was then raised by Zhou Enlai, China’s premier and foreign minister, in his discourse with Prince Faysal ibn Sa’ud, the Saudi foreign minister, during the Bandung Conference in April 1955. The Saudis then agreed to permit twenty Chinese Muslims to perform the *hajj* every year.⁶ Indeed, on July 19, 1955, barely three months later, the first “real” pilgrimage left the PRC for Mecca, led by two very distinguished Chinese Muslim leaders, Da Pusheng (who had accompanied Zhou Enlai in Bandung) and Ma Yuhuai.⁷

But it was the second mission in 1956 that set up the pattern, reproduced ever since, of using the *hajj* delegations for promoting China’s foreign policy objectives in and around the Middle East. Following an extended visit to the region, Burhan Shahidi (Bao Erhan), chairman of the China Islamic Association, led the pilgrims to Mecca, where he was received by King Sa’ud as well as the prime minister and the finance minister.⁸ These meetings confirm that Burhan was far from being simply a religious figure; he was deeply involved in China’s foreign relations network and kept organizing and supervising the Chinese *hajj* missions until 1964, right on the eve of the Cultural Revolution.

The Cultural Revolution and After

Even during those turbulent years, the Chinese were careful not to alienate Saudi Arabia (although their assistance to the Dhofar Liberation Front, later called the People’s Front for the Liberation of the Occupied Arabian Gulf, undoubtedly irritated Riyadh). No

⁵ Quoted in *ibid.*, p. 221, n. 2. See also p. 38.

⁶ *Al-‘Arabi*, November 1980, in JPRS-CPS, no. 177, April 2, 1981, pp. 34–35.

⁷ Donald W. Klein and Anne B. Clark, *Biographic Dictionary of Chinese Communism 1921–1965*, vol. 2 (Cambridge, Mass.: Harvard University Press, 1971), pp. 672, 795.

⁸ *Ibid.*, vol. 1, p. 8; and Shichor, *The Middle East*, p. 44.

less interesting, PRC exports to Saudi Arabia, which had begun rather modestly in the mid-1950s despite the absence of diplomatic relations, grew considerably in 1965–1968, the most chaotic period of the Cultural Revolution (see Table 1).

By the mid-1970s Saudi Arabia's role as a market for Chinese goods had decreased again, but its political role had assumed increased importance. Reflecting China's reformulation of the international configuration and its location in it, this change had originated in the perception of an emerging global confrontation with Moscow. Consequently, China's relations with the United States started to improve, and Beijing began to underscore yet again the importance of the Third World. Saudi Arabia fitted admirably into this framework: In the Chinese mind it could and did play a formidable role in checking Soviet "expansionism" in the Middle East; it was a trustworthy ally of the United States; and, at the same time, it used its oil and money to project an image of a Third World leader and a backstage manager of Arab (and Muslim) affairs. The Chinese eagerness to establish normal and formal relations with the Saudis should be traced to those years, when China's diplomatic network expanded rapidly.

Indeed, the establishment of diplomatic relations with Kuwait in late March 1971 provided the Chinese with an effective foothold on the Arabian Peninsula, much better than their presence in South Yemen (since 1968) or North Yemen (since 1956). They used Kuwait not only for channeling Chinese goods to the rest of the Gulf but, more important, for mediating in their efforts to gain diplomatic recognition from Riyadh as well as from other Gulf states. Beijing realized that Saudi Arabia, because of its dominant regional position, was the key to accomplishing this goal. And, although Kuwait has failed to convince the Saudis, the PRC has consistently tried to win Saudi recognition through Kuwaiti channels.⁹ Redoubling these efforts since the late 1970s, Beijing has adopted a variety of measures that combine religious, economic, political, and even military considerations.

⁹ Hashim S.H. Behbehani, *China's Foreign Policy in the Arab World 1955–75, Three Case Studies* (London: Kegan Paul, 1981), p. 224.

Table 1
PRC Exports to Saudi Arabia, 1954–1977
 (in US\$ millions)

Year	Value	Year	Value	Year	Value	Year	Value
1954	0.05	1960	1.26	1967	8.84	1973	1.64
1955	0.12	1962	0.77	1968	4.38	1974	3.06
1956	0.04	1963	1.45	1969	0.75	1975	3.89
1957	0.17	1964	2.63	1970	1.06	1976	6.75
1958	0.19	1965	4.20	1971	2.10	1977	14.79
1959	0.21	1966	7.66	1972	1.42		

SOURCE: Editorial Board, *Almanac of China's Foreign Economic Relations and Trade* (Hong Kong: China Resources Trade Consultancy, 1984), p. 846.

CHAPTER TWO

The Politics of Islam

Beijing's tolerance and even encouragement of the revival of Chinese Islam¹ was motivated in the first place by domestic considerations: it was part of the overall policy of relieving the pressure from the people in general and from religious and national minorities in particular. In addition, however, it has undoubtedly been initiated to promote China's foreign relations. Thus, Xi Zhongxun, Politburo member at the time, urged PRC Muslims to cultivate religious and cultural exchanges with Muslims abroad, because, as had been said in a *Red Flag* editorial, "the external contacts of the religious circles" would "play an important role in raising [the] country's political influence."²

PRC Missions to Saudi Arabia

China's attitude toward Saudi Arabia has reflected this policy. Invited by the Saudi-run Muslim World League (Rabitat al-'Alam al-Islami), the first Chinese hajj mission for fifteen years was permitted to go to Mecca in October 1979. It was led by Muhammad 'Ali Zhang Jie, vice-president of the resuscitated China Islamic Association, who was making his third pilgrimage.³ Since then, Chinese Muslim pilgrims have gone to Saudi Arabia regularly (see

¹ On Islamic revival, see, for example, L. J. Newby, "'The Pure and True Religion' in China," *Third World Quarterly* 10:2 (April 1988):938-944; Christopher S. Wren, "Islam, after Persecutions, Rebounds in China," *New York Times*, June 15, 1983, pp. 1, A12. See also an article by Dr. 'Abd al-Qadir Tash in *Al-Sharq al-Awsat* (The Middle East) (London) (September 1988), p. 12.

² Editorial, "Our Party's Basic Policy on Religious Questions during the Period of Socialism," *Hongqi* (Red flag), no. 12, June 16, 1982, pp. 2-8, 19, in JPRS, *China Report—Red Flag*, August 11, 1982, p. 10.

³ Xinhua, October 19, 1979, quoted in *MEED*, October 26, 1979, p. 50, and November 30, 1979, p. 19. See also Al-Hajji Muhammad Ali Zhang Jie, "My Muslim Brothers and I," *China Reconstructs*, August 1980, p. 23.

Table 2

Official Chinese Muslim Pilgrimage Missions to Mecca, 1979–1985

Year	Month	Leader, Position, Numbers
1979	October	Muhammad 'Ali Zhang Jie, vice-chairman, China Islamic Association (19)
1980	October	Ilyas Shen Xiayi, vice-chairman, China Islamic Association (?)
1982	September	Abdurrahim Latif, secretary general, Xinjiang Regional Assembly Standing Committee (22)
1983	September	Gudratallah Ma Teng'ai, vice-chairman, China Islamic Association, and vice-chairman, Ningxia Hui Autonomous Region (23)
1984	August	Ilyas Shen Xiayi, vice-chairman, China Islamic Association (48)
1985	May	Hei Boli, chairman, Ninxia Hui Autonomous Region (14)
1985	November	Ismail Amat, chairman, Xinjiang Uighur Autonomous Region (12)

SOURCES: Various Xinhua reports

Table 2), some officially and thousands privately and unofficially. Between 1980 and 1987, for example, 6,500 of Xinjiang's seven million Muslims had made the pilgrimage to Mecca.⁴ In addition to performing a religious duty, the officially sent delegations also accomplished political missions. In September 1984, for example, King Fahd ibn 'Abd al-'Aziz gave an audience to a PRC Muslim group led by Ilyas Shen Xiayi, vice-president of the China Islamic Association. After exchanging good wishes, the king wished the Muslim community and other people of China happiness, welcomed the pilgrims to Mecca, and encouraged even more to come.⁵ They complied eagerly the next year, flocking to Saudi Arabia in thousands. Husayn Hei Boli, chairman of the Muslim-populated

⁴ According to statistics given by Xinjiang Religion Bureau, Xinhua, June 10, 1988, in FBIS-CHI, June 15, 1988, pp. 13–14. Saudi sources counted 2,267 PRC pilgrims for 1986 and 1,418 for 1987. *Saudi Economic Survey*, August 5–12, 1987, pp. 2–3.

⁵ Xinhua, September 14, 1984, in FBIS-CHI, September 18, 1984, p. 14.

Ningxia Hui Autonomous Region, described his hajj mission to Saudi Arabia as a complete success and said that it had reaped a “bumper harvest” in political terms.⁶ Similarly, Ismail Amat (Ahmad), chairman of Xinjiang Uighur Autonomous Region, who performed the hajj in late 1985, met not only the Saudi grand mufti and the secretary general of the Muslim World League but also Prince ‘Abd al-Rahman bin ‘Abd al-‘Aziz, the Saudi vice-minister of defense and aviation. They had a cordial conversation during which the prince expressed the hope that the visit would “further mutual understanding between Saudi Arabia and China” and that more Muslims from China “and other Chinese friends” would visit Saudi Arabia.⁷

Saudi Missions to the PRC

Though much less frequent, Saudi religious missions to the PRC have similarly been interpreted primarily in political terms. This was evident in the visit of the delegation from the Mecca-based Muslim World League to China in May–June 1981. Among others, the delegation included officials from the Saudi Ministry of Interior, Ministry of Hajj and Awqaf (religious endowments), and Information Department. Its purpose was to obtain firsthand knowledge on the conditions of Chinese Muslim communities and offer possible moral and material assistance. Most of its work was carried out through the China Islamic Association, itself an official organization. But the delegation also met some “political” figures, including Yang Jingren (himself a Muslim), deputy prime minister, minister in charge of the State Council (Government) Nationalities Affairs Commission, and director of the United Front Work Department of the Central Committee of the Chinese Communist Party. In his talk Yang expressed the hope that relations between the Muslims of the two states would be further strengthened and requested the delegation to convey his greetings to the king and the crown prince of Saudi Arabia. To foster relations with Saudi Arabia, the China Islamic Association was permitted to accept a US\$500,000 donation made by the Muslim World League, an exception to the rule that prohibited Chinese organizations from accepting outside contributions.

⁶ *Ningxia ribao* (Yinchuan), June 20, 1985, in BBC, *SWB-FE/7996/A4/2*, July 6, 1985.

⁷ Xinhua, December 3, 1985, in BBC, *SWB-FE/8133/A4/2*, December 13, 1985. Also in FBIS-CHI, December 6, 1985, p. 11.

Despite his insistence that the mission represented only the Muslim World League, an independent *international* Islamic organization, its leader got the impression from the arrangement of the meetings with PRC officials that "the Chinese government considered our delegation a government delegation. They wished to take advantage of this opportunity. Many of them, during the course of our meetings, expressed desire for the establishment of diplomatic relations between the governments of China and Saudi Arabia."⁸ Somewhat dissatisfied with "the overall adverse condition of Islam and Muslims in Communist China," the delegation recommended that exchanges with Chinese Muslims, especially through the hajj, be further expanded.

Probably in response to the growing numbers and frequency of the Chinese Muslim missions, the Saudi Pilgrimage Company opened a special "China Hajj Affairs Office." Its deputy director, Jamil 'Abd al-Rahman, visited the PRC in March 1987 at the invitation of the China Islamic Association.⁹ In December, following a number of meetings and consultations, a five-day international conference of three hundred Muslim leaders, organized by the Saudi-managed Muslim World League in cooperation with the China Islamic Association, was held in Beijing. The conference and its working sessions were extensively covered in the Saudi media, which reiterated the growing relations between the Muslim communities of the two countries. In his opening speech, headlined in *Al-'Ukaz*, Dr. 'Abdullah 'Umar Naseef, the (Saudi) secretary general of the league, reaffirmed: "We aim at laying bridges of cooperation with China's Muslims." He was welcomed by Seypidin (Saifudin, or Sayf al-Din al-'Aziz), vice-chairman of the Standing Committee of China's National People's Congress. In an interview with *Al-Sharq al-Awsat* (The Middle East), a Saudi weekly published in London, Dr. Naseef later stated that "it [was] the openness revealed by Peking toward the outside world and its new attitudes toward the Muslims that encouraged us to hold the conference."¹⁰ The largest

⁸ Ahmad Salah Jamjoon, "Notes of a Visit to Mainland China," *Journal of the Institute of Muslim Minority Affairs* 6:1 (January 1985):217. See also Philip Bowring, "The Tithes that Bind," *FEER*, January 15, 1982, p. 10.

⁹ Xinhua, March 22, 1987, in BBC, *SWB-FE/8524/A4/1*, March 24, 1987.

¹⁰ *Al-Sharq al-Awsat*, December 21, 1987. See also Naseef's interview in *Al-'Alam al-Islami* (The Islamic world) (Saudi Arabia), December 21, 1987; "Chinese Muslims Host Talks," *South China Morning Post*, December 6, 1987, and Xinhua, December 4, 1987, in FBIS-CHI, December 7, 1987, p. 6; *Al-Riyadh*, November 25, 1987, p. 1, and December 3, 1987, p. 1; *Al-'Ukaz*, December 6, 1987, p. 12, and January 14, 1988, p. 2.

contingent to the conference, the first of its kind to be held in a Communist country, was provided by Saudi Arabia. Willingly or not, Islam had become intertwined with politics.

CHAPTER THREE

The Politics of Economics

In addition to using religious missions for political purposes, the PRC has also used Islam to promote economic relations with Riyadh, aimed at winning its goodwill. A variety of mechanisms, including intermediary countries, exchanges of visits and delegations, international economic conferences, and the establishment of special organizations, have been employed.

Visits and Explorations

Saudi businessmen began privately attending the Guangzhou (Canton) Trade Fair in the early 1980s. At the same time, Chinese Muslim missions to Saudi Arabia exploited the opportunity to form initial economic relations. Thus, the first provincial hajj mission, sent from Ningxia Hui Autonomous Region in May 1985, not only met with religious and political figures but also explored possibilities of economic cooperation and trade agreements with banking, industrial, and commercial officials. Although there were no immediate results, "the Saudi Arabian Industrial and Commercial Commission expressed the hope to conduct direct trade with Ningxia."¹

Just four months later, in September, Saudi envoys (including a representative of the Saudi-based Islamic Development Bank) took part in an international meeting on Ningxia economic and technical cooperation with Islamic countries, held in Yinchuan. During the ten-day conference, thirty-four contracts, agreements, and letters of

¹ Wu Guoqing, "Ningxia's New 'Silk Road,'" *New China Quarterly* 1 (July 1986):38. See also He Zhaojun and Hu Andong, "Four Fundamental Changes in Ningxia's Foreign Trade during the Sixth Five-Year Plan," *Guoji shangbao* (International trade journal), January 6, 1986, p. 2, in JPRS-CEA, no. 31, March 24, 1986, pp. 95-97, and "Ningxia Quickly Opens Itself to the Outside World," *Ningxia ribao*, April 1, 1986, p. 1, in FBIS-CHI, April 18, 1986, pp. T1-T2.

intent were signed covering joint ventures, compensation trade, import of equipment, and export of technology and labor services.² In November, another Saudi trade delegation arrived in the region by special plane. It was very interested in many of the economic and technological cooperation projects, including those in agriculture and the chemical industry, proposed by their hosts.³ In early May 1986, Saudi representatives attended a three-day China-Kuwait symposium on investment, held in Kuwait. And in November, a twelve-member Saudi trade mission led by 'Abd al-'Aziz al-Qurayshi, former governor of the Saudi Arabian Monetary Agency, visited the PRC. The aim of the visit, reported by the official Saudi Press Agency, was to explore business opportunities, investment projects, and trade exchange between the two countries. It was the first Saudi delegation in the PRC to meet Prime Minister Zhao Ziyang, a clear indication of its importance. Referring to his guests as "envoys promoting the Sino-Saudi friendship and economic cooperation," Zhao paid tribute to the achievements of Saudi Arabia and to its neutral and nonaligned policy. Summing up the visit, al-Qurayshi said that it marked the start of a solid economic and trade relationship between their two countries.⁴

At the invitation of al-Qurayshi, an official PRC delegation of thirteen entrepreneurs, the first of its kind, reciprocated by visiting Saudi Arabia in November 1987. Headed by Jia Shi, chairman of the China Council for the Promotion of International Trade (CCPIT), it also included delegates from the Ministry of Foreign Economic Relations and Trade, the Bank of China, the China National Gulf Trading Corporation, the China Petrochemical International Corporation (CPIC), and other specialized import and export corporations. Meeting with senior Saudi government officials, ministers, and businessmen, Jia Shi expressed China's interest in strengthening cooperation with Saudi partners in the fields of trade,

² Xinhua, September 28, 1985, in FBIS-CHI, October 1, 1985, p. A8.

³ Ningxia Regional Service (Yinchuan), November 13, 1985, in BBC, *SWB-FE/8112/A4/2*, November 19, 1985. Also in FBIS-CHI, November 13, p. 11, and November 19, p. 12.

⁴ *MEED*, November 22, 1986, pp. 29-30, and Xinhua, November 9, 1986, in BBC, *SWB-FE/8415/A4/1*, November 13, 1986; Xinhua, November 16, 1986, in FBIS-CHI, November 17, 1986, p. 11. The meeting, and the visit, were covered by the Saudi press. See "Saudi Trade Team Meets with Zhao," *Arab News*, November 17, 1986, p. 1; "Zhao Urges Hiking Sino-Saudi Trade," *Arab News*, November 18, 1986, p. 1; "Saudi Delegation Ends Peking Visit," *Arab News*, November 21, 1986, p. 1. See also *Al-Riyadh*, November 17, 1986.

products processing, joint ventures, exhibitions, investment, and labor export. He also conveyed the hope of Chinese companies to qualify for project loans and assistance provided by Riyadh to developing countries.⁵ To avoid misunderstandings the Saudi hosts, who otherwise extended a warm welcome to the delegation, underscored the unofficial nature of the visit by noting "the importance given by our government to the role of the private sector and its enjoyment of free enterprise unfettered except by the factor of competitiveness in prices and quality."⁶ CPIC president Wang Zhenhua, who participated in the group, later said that wide-ranging talks on collaboration in refining and petrochemicals had been held with Saudi officials following visits to Yanbu and Jubail. "As a first step," he told reporters in Dubai, "we would like to buy raw materials for the petrochemical industry from the Gulf and this was one of the main issues discussed in Saudi Arabia."⁷ Riyadh's English daily *Arab News*, which covered the visit in detail, published on November 24 a five-page special supplement on Shanghai and the Chinese economy.

Investment and Construction

While failing to break the political ice, the Chinese offensive has managed to reap some economic benefits, less in terms of attracting Saudi capital or winning construction projects than in terms of trade. So far there has been very little direct Saudi investment and participation in joint ventures in the PRC, although it is possible that Saudi capital has found indirect ways to China through equity holdings in Hong Kong's financial institutions with mainland connections.⁸ Later, following the mutual establishment of commercial offices (to be discussed below), it was reported that the two countries agreed to set up a joint investment company, whose headquarters would be in the Muslim-populated Ningxia-Hui Autonomous Region. The Saudis would invest 60 percent of the company's capi-

⁵ Da Chansong, "Delegates Expect More Sino-Saudi Deals," *China Daily*, December 6, 1987; Xinhua, November 16, 18, 1987, in FBIS-CHI, November 19, 1987, p. 5.

⁶ Hassan I. Al-Husseini, "Trade Mission to Develop Ties, Chinese Praise Kingdom's Progress," *Arab News*, November 20, 1987, p. 2. See also "Chinese Seek Joint Ventures," *Arab News*, November 24, 1987, p. 11.

⁷ *Khaleej Times*, December 6, 1987, p. 11, in JPRS-NEA, no. 1, January 20, 1988, p. 65.

⁸ "China Banks on Arab Finance," *The Middle East*, September 1986, p. 39.

tal fund of US\$80 million.⁹ No less important have been the Chinese attempts to penetrate Saudi Arabia's huge market for labor exports and construction projects.

Beginning in 1979, China's share in these fields has increased dramatically. More than seventy special corporations and companies have been established for undertaking construction contracts, including the provision of services and an average of fifty thousand Chinese workers every year. With a total turnover well exceeding US\$8 billion, these projects provide China with an invaluable source of income as well as of technology and expertise; most of them have been carried out in the Middle East in general and in the Persian Gulf region in particular—but not in the attractive Saudi Arabian market. China's attempts to bid for construction projects or even to provide workers for foreign firms have met with Saudi resistance. U.S. contractors like M. W. Kellogg and Bechtel, which have very good connections in Riyadh, as well as companies in Singapore and Hong Kong have tried as hard as they could to obtain permission from the Saudi authorities for the use of Chinese labor. "These companies are up to their ears with labour troubles in Saudi Arabia," said the managing director of a Hong Kong firm representing Chinese construction interests. "They know that if they could use Chinese workers they would not have these problems, and that would save them a lot of time and a lot of money. It is a big consideration for them."¹⁰ Experience has indeed proved that Chinese workers are less troublesome, much more reliable and efficient, and, most important, the cheapest. It is of course possible that some Chinese workers have found their way to (mis-sile?) construction sites in Saudi Arabia,¹¹ but otherwise, the "Saudi barrier" has remained largely intact—although probably not for long.

Direct and Indirect Trade

Not very effective in the first place, the Saudi trade barrier had collapsed by the early 1980s (according to other sources, in the late or even mid-1970s).¹² In 1981 Riyadh finally lifted a long-standing

⁹ *Al-Hawadith*, June 2, 1989.

¹⁰ Keith Addison, "Contractors Look to Labour Breakthrough," *MEED*, October 8, 1982, pp. 77, 79; Husain Haqqani, "Peking's Soft-Sand Shuffle," *China Trade Report*, April 1983, pp. 8–10.

¹¹ "A Model Workforce," *The Middle East*, September 1986, p. 41.

¹² "New Era in Saudi-Sino Relations?" *Arabia: The Islamic World Review*, no. 7 (March 1982):37; Stephen Timewell, "China Renews Middle East Trade Drive,"

ban on direct imports from the PRC. Up until the lifting of the ban, a small volume of Chinese goods had reached Saudi markets mostly indirectly, through intermediaries in Hong Kong, Oman, the United Arab Emirates (UAE), and, particularly, Kuwait. Now, while the Saudis still import Chinese goods through these intermediaries, most of the trade is bilateral. In fact, Riyadh has permitted the operation of a direct maritime line between Shanghai and al-Dammam, including the ports of Kuwait and al-Shariqah (UAE). In December 1985 the China Ocean Shipping Company (COSCO) began running two ships a month on this route.¹³ Consequently, Chinese exports to Saudi Arabia increased dramatically. Although the two parties, and other sources, provide conflicting figures, the overall picture can hardly be contested: by the mid-1980s, Saudi Arabia had become one of the most important Middle Eastern markets for China's civilian trade, absorbing US\$150–\$250 million worth of Chinese exports (both directly and indirectly) annually (see Table 3). This achievement, however, should not be overstated: less than one percent of Saudi Arabia's total imports come from the PRC, while less than one percent of China's total exports go there.

Most of these exports (two-thirds to three-quarters) consist of textiles, textile goods and footwear (53 percent–61 percent), and food (12 percent–17 percent, particularly fruit, vegetables, and sugar and sugar-related products). Other exports include chemicals, machinery, and metal products (see Table 4). More recently, the share of electrical machinery and appliances has been growing. It is obvious that most of these goods are not consumed by the hardcore Saudi market, which is not only small but also very affluent, preferring Western and Japanese high-quality products. China's low-quality and cheaper goods have been imported mainly for the use of outsiders—the millions of Muslim pilgrims and Third World migrant workers engaged in construction projects.¹⁴

MEED, August 12, 1983, p. 40; *China Trade Report*, April 1983, p. 8; *China Daily*, December 6, 1987.

¹³ "All Paths Lead to Economics: Chinese Commercial Campaign in Gulf States," *Al-Hawadith*, December 6, 1985, p. 58, in JPRS-NEA, no. 28, March 3, 1986, p. 17.

¹⁴ "Gulf States Stepping Up the Chinese Connection," *Arabia: The Islamic World Review*, no. 22 (June 1983):48. In the mid-1980s, the number of non-Saudi workers reached 2,660,000, or 60 percent of Saudi Arabia's civilian work force. In addition, since 1974 there has been an annual influx of 700,000 to 1,000,000 Muslim pilgrims (The Economist Intelligence Unit, *Country Profile 1987–88, Saudi Arabia*, pp. 11, 26). On June 29, 1988, Reuters reported that nearly two million

Table 3
PRC Exports to Saudi Arabia, 1978–1988
 (in US\$ millions)

Year	Source 1	Source 2	Source 3	Source 4	Source 5
1978	36.99	37	94	90.3	8.4
1979	76.39	68	137	130.0	16.8
1980	151.69	136	250	238.2	25.3
1981	180.59	220	241	229.3	23.7 ^a
1982	154.16	183	234	223.1	63.0
1983	146.73	149	233	224.3	103.6
1984	117.96	133	195	185.9	97.1
1985	96.66	133	206	211.5	109.0
1986	94.58	134	224	—	120.7
1987	132.73	247	272 ^b	—	194.0
1988	—	227 ^c	—	—	226.2

^aNine months only

^bData derived from partner country

^cEleven months only

SOURCES: 1. *Almanac of China's Foreign Economic Relations and Trade*, various years.
 2. International Monetary Fund, *Direction of Trade Statistics Yearbooks*, PRC-reported exports.
 3. *Ibid.*, Saudi Arabia-reported imports from PRC.
 4. CIA National Foreign Assessment Center, *China: International Trade*, quarterly issues.
 5. Hong Kong reexports of PRC goods to Saudi Arabia, *China Trade Report*, June 1989, p. 15; December 1988, p. 15; May 1987, p. 16; May 1985, p. 16; February 1982, p. 15.

Finally, what makes the Saudi trade so attractive to the PRC is the huge difference between exports and imports. In 1980–1986, the Chinese accumulated nearly US\$1.3 billion surplus in their trade balance with Riyadh, indispensable in view of their overall trade deficit. China's imports from Saudi Arabia consist primarily of chemicals, especially fertilizers (96 percent in 1984, 90 percent in 1983), along with food and iron and steel goods (56 percent in 1985). Thus it was reported in 1985 that SABIC (Saudi Arabian Basic Industries Corporation) concluded an agency contract with a

Muslims from 132 countries had performed the hajj in 1987. The same number was expected in 1988.

Table 4
PRC Exports to Saudi Arabia, 1983–1985
 (by item and in percent of total value of export)

SITC Number	Commodity	1983	1984	1985
D65	Textile yarn, fabrics, and related products	25.9	26.1	43.4
D84	Articles of apparel and clothing accessories	22.7	27.9	15.3
D69	Manufactures of metals	12.0	15.5	8.3
D05	Vegetables and fruit	9.6	11.7	3.9
D67	Iron and steel	4.9	4.4	2.3
D85	Footwear	4.8	3.9	2.0
DO6	Sugar, its preparation, and honey	3.8	4.2	5.7
	Share in total exports	83.7	93.7	80.9

SOURCES: Adapted from data in General Administration of Customs, PRC. *China's Custom Statistics* (Hong Kong: Economic Information and Agency, quarterly issues).

Hong Kong company to market Saudi Arabia's petrochemicals products in China. In 1987 SABIC exported 320,000 tons of urea, polyethylene, and other petrochemicals worth US\$43 million, against 105,000 tons in 1986. In 1988 SABIC planned to export 340,000 tons of products, including fertilizers, chemicals, and plastics, to the PRC. Another contract for 150,000 tons, worth US\$15 million, was signed in December.¹⁵ At the same time, it was officially revealed in Riyadh that 300,000 tons of wheat had been shipped to the PRC.¹⁶

Finally, according to an agreement signed in November 1988 (to be discussed below), each country opened an official commercial representative's office in the other's capital in early 1989. This development, however, had a good deal more to do with politics and diplomacy than with economics.

¹⁵ *Khaleej Times*, June 7, 1985, p. 11, in JPRS, *Near East–Africa Report*, no. 85, July 26, 1985, p. 58; "Delegates Expect More Sino-Saudi Deals," *China Daily*, December 6, 1987. See also "SABIC Sales to China Set at SR 244m," *Arab News*, November 26, 1987, p. 1. Ironically, the source of these sales could be the Al-Jubail Fertilizer Company (Samad), a joint venture set up between SABIC and the Taiwan Fertilizer Company (*FEER*, July 9, 1982, p. 28; and *MEED*, May 4, 1984, p. 7).

¹⁶ *Riyadh Daily*, December 29, 1987, in FBIS-CHI, December 30, 1987, p. 8.

CHAPTER FOUR

The Politics of Diplomacy

Important in themselves, China's economic and Islamic relations with Saudi Arabia have been accompanied by insistent political and diplomatic efforts to win its recognition and to establish formal relations between the two governments. These simultaneous efforts also started in 1978–1979, as soon as the new-old Chinese leadership felt secure enough to undertake bolder policies, both at home and abroad. Aimed at Riyadh, Beijing's diplomatic offensives have been launched wave after wave, responding to changes and exploiting opportunities in the regional and global situation and reflecting Chinese readiness to employ unconventional measures.

The First Offensive

Beijing's attempts to earn Riyadh's recognition were resumed in mid-1978, probably in London, where Oman and the PRC had negotiated the establishment of diplomatic relations, announced in June. Oman recognized Beijing as the sole legitimate government of China; the PRC allowed Oman to keep a Taiwanese trade mission in its capital. It was thought that this formula would be adopted in the Saudi case as well.¹ These reports were later refuted by Prince Sa'ud al-Faysal, the Saudi foreign minister, as "totally untrue." In a special statement given a front-page, boldface headline in *Al-Riyadh*, he firmly denied holding any negotiations with either the PRC or the Soviet Union to establish diplomatic relations.²

But the Chinese did not give up. On the contrary, Riyadh has assumed increased importance since the collapse of the two central pillars of China's Middle Eastern policy. The first to fall was the

¹ ANSA (Beijing), June 23, 1978, in FBIS-CHI, June 26, 1978, p. A26.

² *Al-Riyadh*, January 15, 1979, p. 1. See also *MEED*, January 19, 1979, p. 33.

Shah of Iran. His overthrow in 1979 propelled the Chinese to redouble their efforts toward Saudi Arabia both directly and indirectly. As intermediaries they now used not only Oman but also Zia ul-Haq of Pakistan in an attempt to substitute Saudi Arabia for Iran as a new partner in the anti-Soviet axis and reinforce the more "moderate" Middle Eastern countries.³ Henceforth, the PRC began to underscore Saudi Arabia's contribution to stability and security in the Middle East as the most effective measure to stand up to the "Soviet threat."

Having implicitly approved the Israeli-Egyptian peace treaty engineered by Egyptian president Anwar Sadat, the Chinese now began to applaud the Saudi initiative (the Fez peace plan) for resolving the Arab-Israeli conflict. In May 1980, Xinhua quoted Crown Prince Fahd's statement that if Israel would withdraw from all the Arab territories it had occupied since 1967, Saudi Arabia would do its utmost to bring all the Arabs, including the Palestinians, to work with Israel for a comprehensive and ultimate solution of the Middle East problem. The commentary continued: "As an oil giant in the Arab world, this stance taken by Saudi Arabia will have a far-reaching impact on the development of the Middle East situation."⁴ Under these circumstances, when Fahd's eight-point peace plan was made public in August 1981, the Chinese reaction was sympathetic, though still cautious to avoid antagonizing Sadat.⁵

Then, in early October 1981 Sadat, the second pillar of China's Middle Eastern policy, was assassinated. His death provided China with an opportunity to win back Arab, and especially Palestinian, goodwill by stepping back from its too-close relationship with the United States and its (implicit) approval of the separate Egyptian-Israeli peace process. Fully aware now of the limits and inadequacies of this process, the Chinese have become more outspoken in their support of the Saudi plan, in which they discovered a number of advantages.

To begin with, unlike the Camp David agreements, which had been drawn up under U.S. auspices in an attempt to settle one seg-

³ *Al-Watan al-Arabi*, January 25, 1980, p. 17.

⁴ "Commentary: People of Middle East Share Desire for Peace, Stability," Xinhua, May 28, 1980, in FBIS-CHI, May 29, 1980, p. 11.

⁵ "Commentary on Saudi Arabia's Middle East Peace Plan," Xinhua, August 13, 1981, in FBIS-CHI, August 14, 1981, p. 11. See also Yitzhak Shichor, "In Search of Alternatives: China's Middle East Policy after Sadat," *The Australian Journal of Chinese Affairs*, no. 8 (July 1982):101-110.

ment of the overall problem, the Israeli-Egyptian disagreements, the Saudi plan was not only independent and genuine but also aimed at the root of the problem. For the Chinese it was "the first comprehensive and realistic formula made by an Arab country to settle the Arab-Israeli conflict."⁶ And whereas Sadat's initiative had excluded the Palestinians and paid no more than lip service to the Palestine problem, the Saudi proposal, "while upholding the legitimate rights and interests of the Palestinians and the Arabs as a whole...also takes into consideration the legitimate rights and interests of the Jewish people and the existence of the Israeli entity."⁷

Moreover, the Chinese felt that because of its "comprehensive" and "realistic" orientation, the Saudi plan has been welcomed much more widely and easily than Sadat's initiative, both in the Middle East and internationally. Aware of some qualifications among the Arabs, Beijing has still concluded that "the majority of the Arab states have only or tacitly expressed their approval of the Saudi package; other countries have proposed amendments to the plan and still few others objected to it, though without making their opposition public. Only one or two countries have stridently opposed it."⁸ And, no less important, "Arafat also expressed his readiness to accept Saudi Arabia's proposal as the basis for peace talks," and even Syria "no longer stands against" it.⁹

In addition to being approved by the Arabs and the Palestinians, the Saudi plan has won support from "many Third World countries, West European countries and Japan."¹⁰ Following some hesitation, both superpowers also approved the plan. Despite Israeli

⁶ "Hope for Arab Unity," *China Daily*, January 13, 1982, p. 4. "This was the first time since the Arab-Israeli war of 1948 that an Arab country had formally put forward a comprehensive and fairly realistic program for peace.... This may be regarded as a major action on the part of Saudi Arabia as representative of the moderate countries in effecting a fundamental solution to the Arab-Israeli conflict that has gone for more than 30 years." Lu Xi, "The Middle East Situation: A Look Back and A Look Ahead," *Xiandai guoji guanxi* (Contemporary international relations), no. 2 (April 1982), in JPRS-CPS, no. 360, November 12, 1982, p. 5.

⁷ Sun Yingkang, "Saudi Arabia in Middle East Arena," *Xinhua*, December 29, 1981, in FBIS-CHI, January 5, 1982, p. 11.

⁸ *Xinhua*, November 13, 1981, in FBIS-CHI, November 16, 1981, p. 11; and Mei Zhenmin, "News Analysis: Suspension of Fes [*sic*] Summit and Its Prospects," *Xinhua*, Dec. 5, 1981, in FBIS-CHI, December 7, 1981, p. 11.

⁹ *Xinhua*, November 22, 1981, in FBIS-CHI, November 25, 1981, p. 11; and "Saudi Arabia and Syria Had Reached a 'Compromise' on the Fahd Plan," *China Daily*, January 13, 1982, p. 4.

¹⁰ *Xinhua*, November 13, 1981, in FBIS-CHI, November 16, 1981, p. 11.

protests and its commitment to the Egyptian-Israeli peace process, "the U.S. Government... has also changed its attitude and voiced guarded appreciation" of the plan.¹¹ Washington's indecision provided the Soviets, who initially rejected it, with an opportunity, and they "suddenly changed their mind," concluding that the Saudi plan "could be the basis for a peaceful settlement of the Middle East problem."¹² For the first time, the PRC, the Soviet Union, and the United States endorsed the same Middle East peace plan.

The Second Offensive

It is against this background, including their concern that the Soviets would outrun them in the race to Riyadh, that the Chinese launched another offensive to win Saudi recognition. In the third week of October 1981, shortly after Sadat's assassination, Premier Zhao Ziyang and Crown Prince Fahd met for the first time at the North-South conference held in Cancun, Mexico. A large photograph of the two accompanied by a headline appeared on the front page of the *Arab News*. Though described as "very productive" and "quite fruitful" by Chinese officials, their talks, and an alleged exchange of "secret" visits,¹³ failed to produce a political breakthrough. Apparently, the main reason was that whereas they were ready to tolerate continued economic links between Saudi Arabia and Taiwan, the Chinese firmly insisted that Riyadh should break off all political relations with Taipei before offering its unconditional recognition of the PRC. They rejected the Saudi suggestion, modeled on the American precedent, that the PRC would first open a liaison or, alternatively, a trade office. But the Saudis were not yet ready to give up their ideologically based special economic, political, and military relations with the Republic of China (ROC).¹⁴

¹¹ Zhou Zhexin, "New US Attitude Towards Saudi Arabia Peace Plan," Xinhua, November 4, 1981, in FBIS-CHI, November 6, 1981, p. B2; and Yuan Xianlu, "The United States and the Saudi Plan," *Renmin ribao*, November 5, 1981, p. 6, in FBIS-CHI, November 5, 1981, p. B1.

¹² Zhong Dong, "U.S. Binds Own Hand and Foot," Xinhua, November 9, 1981, in FBIS-CHI, November 10, 1981, p. B2; and Ren Yan, "Saudi Proposal: U.S. and Soviet Contention in the Middle East," *Beijing Review*, November 16, 1981, p. 13.

¹³ *Daily Telegraph*, October 30 and December 21, 1981, reported two secret visits of Saudi princes to Beijing. According to *FEER*, January 15, 1982, p. 10, one of them was Mishal Ibn 'Abd al-'Aziz, a half-brother of King Khalid. See also *Arab World Weekly* (Beirut), no. 643 (November 21, 1981):1. *Al-Kifah al-'Arabi*, December 14, 1981, reported that two Chinese envoys had visited Riyadh for confidential negotiations.

¹⁴ Michael Parks, "Riyadh Reportedly Seeking Formal Links with Peking," *Inter-*

In a meeting with the ROC ambassador to Riyadh, the Saudi interior minister declared that his government "will never establish diplomatic ties with any communist nation as communist ideology is in fundamental conflict with Islam, which is the foundation of the Saudi Kingdom. The Prince's statement rules out any Saudi ties with the Chinese Communist regime."¹⁵

Some political progress, however, has been made. Saudi communications media began to refer to the "People's Republic of China" or "China Mainland" rather than to "Communist" or "Red" China as well as to "Taiwan China" or "China (Taipei)" and "China Formosa" instead of the "Republic of China."¹⁶ For their part, the Chinese continued to praise Saudi Arabia and were particularly impressed by the Saudi skill in pushing through the AWACS deal with the United States, in spite of Israeli opposition.¹⁷ In a year-end roundup, Beijing concluded: "In 1981, an eventful year for the Middle East, Saudi Arabia, a political and economic budding force, played a spectacular role." In addition to the Fahd plan, other Saudi initiatives were appreciated, including the establishment of the Gulf Cooperation Council (GCC), the breaking of diplomatic relations with the Karmal regime in Afghanistan, and mediation efforts in a number of regional disputes (Iran-Iraq, Lebanon, Israel-Syria). Most of these were interpreted as detrimental to Soviet interests. Beijing concluded: "No doubt Saudi Arabia will play a still more important role in the Middle East" and, moreover, will "make itself the center of attention of the whole world."¹⁸

As the Chinese were paying tribute to Riyadh, Saudi Arabia began to appreciate the PRC's growing role in international and Middle Eastern affairs. A Saudi deputy minister of social affairs said

national Herald Tribune, November 17, 1981, p. 4. See also "Saudis Begin Negotiations on Formal Relations with China," *Japan Times*, November 17, 1981.

¹⁵ Taipei International Service, November 25, 1981, in FBIS-CHI, December 1, 1981, p. VI.

¹⁶ "China Seeks Arab Friends and Markets," *MEED*, November 27, 1981, p. 64.

¹⁷ Yuan Xianlu, "The Approval of the AWACS Deal, and Its Effects," *Renmin ribao*, October 31, 1981, p. 6, in FBIS-CHI, November 3, 1981, pp. B3-B4. Originally proposed by President Carter, the \$8.5 billion sale of AWACS (airborne warning and control system) surveillance aircraft to Saudi Arabia became a part of President Reagan's policy to strengthen the defenses of pro-Western Arab Gulf nations. On October 28, 1981, the Senate voted (52-48) to approve the deal—a defeat for the Israeli lobby.

¹⁸ Sun Yingkang, "Saudia Arabia," and Lu Xi, "Middle East Situation." See also He Li, "Why Does the West Rely So Heavily on Saudi Arabia?" *Renmin ribao*, May 15, 1981, p. 7, in FBIS-CHI, May 19, 1981, pp. 11-12.

that he hoped relations between the two countries would continue to improve.¹⁹ More important, in early December 1982 the Saudi foreign minister, Prince Sa'ud al-Faysal, became the highest-ranking Saudi official and the first minister to visit the PRC. He joined a seven-member Arab mission sent to brief the five permanent members of the UN Security Council on the Fez peace plan and muster support for it. The visit was highlighted in the Saudi press. A front-page *Arab News* report said: "China and Saudi Arabia have no diplomatic relations although both are said to want to improve economic and other ties." The report was accompanied by a photograph showing Premier Zhao Ziyang shaking hands with Sa'ud al-Faysal, as well as by a daring editorial. Headlined "Clear Peking Stand," it called the PRC "a friendly country," saying:

China has never wavered from its principled approach to the Middle East question and the plight of the Palestinian people even during the tumultuous and traumatic days of the Cultural Revolution which nearly tore the country apart. Thus, Chinese policy has been clear and steady... the Arabs must be thankful for China's attitude toward them and for the unflinching support that it has given them. Others have also expressed similar backing but China has never shied or tired of declaring it with force and clarity.²⁰

While creating a better atmosphere, this eulogy carefully sidestepped bilateral issues. These were discussed in private. Wu Xueqian, China's foreign minister, later spoke about his meeting with his Saudi counterpart: "I had expressed to him China's wish in increasing understanding, through which we may establish diplomatic relations... Faysal agreed on the principle of improving the understanding of each other as a first step leading toward establishing diplomatic relations."²¹ But there was no way the PRC could propel the Saudis to move faster. Indeed, subsequent reports that Riyadh was about to form diplomatic relations with the USSR (cut off in 1938) and the PRC were immediately dismissed.

¹⁹ Xinhua, November 15, 1981, in FBIS-CHI, November 16, 1981, pp. 11-12. These remarks were made in a banquet given by the Saudi ambassador in Malaysia on the occasion of a football match between the Saudi and the PRC teams. The event was mentioned in a number of Saudi newspapers.

²⁰ *Arab News*, December 7, 1982, pp. 1, A6. During a stopover in Karachi on his way back, the prince said that the United States was not the only permanent UN Security Council member able to influence events in the Middle East. "The other Security Council members also have influence to bear in the region." He also said that the talks in Beijing were very positive. *Arab News*, December 8, 1982.

²¹ AP, Reuters (Abu Dhabi), December 23, 1985.

That the Saudis viewed the two Communist powers in the same terms is clear. Four reasons were provided by the Saudis for their refusal to accept official relations with the USSR: Soviet maltreatment of Muslims within the USSR, Soviet resolve to impose Communist ideologies everywhere, Soviet political and military intervention abroad, and Soviet "positive contribution to the strengthening of Israel by intensifying [Jewish] emigration." Notwithstanding the emphasis on the Soviet Union, Riyadh noted that "the same principles also apply to the PRC, with the additional factor that the Kingdom has relations with and recognizes Nationalist China."²² Obviously, some of the reasons given did not apply to the PRC; furthermore, Riyadh regarded the PRC as a lesser menace than the USSR. But these Siamese (Communist) twins could not be separated, at least not by the Saudis.

The persistence of these or other barriers temporarily arrested China's efforts to win Saudi recognition. However, in 1984 another attempt was made. On August 9 Prince Talal ibn 'Abd al-'Aziz al Sa'ud announced that he would visit the PRC in the autumn in his capacity as a special representative of UNICEF, the United Nations International Children's Emergency Fund. Despite this qualification, the announcement had clear political connotations. For one, it was made at a press conference jointly held by Prince Talal and Ambassador Ling Qin, the permanent PRC representative to the UN, at the PRC mission there. For another, when asked about the prospects of bilateral relations the prince, brother of King Fahd, hinted that his visit could be a start in the same way that Sino-U.S. relations had been started by a team of Ping-Pong players. He added: "We in Saudi Arabia are considering China of the one billion as a friendly country." Ambassador Ling's answer was more decisive: "On the Chinese part, China would like to normalize or establish diplomatic relations with any countries on the principles of peaceful coexistence. Certainly that includes Saudi Arabia. Saudi Arabia is a very important country in the Arab world. We have high respect for the independence and nonaligned policy pursued by Saudi Arabia."²³

These announcements irritated the ROC, and its ambassador to Saudi Arabia, Tsai Wei-ping, asked for clarification. In reply, Ri-

²² Hamid 'Abbas, "Relations with the Soviet Union and the PRC," *Al-'Ukaz*, December 10, 1982, p. 9, in FBIS-MENA, December 23, 1982, pp. C3-C4. See also *MEED*, December 17, 1982, p. 70.

²³ *Xinhua*, August 10, 1984, in FBIS-CHI, August 10, 1984, p. I2.

yadh said that the visit to other countries by Prince Talal in his capacity as an official of a UN organization had nothing to do with the Saudi government, which would “never change its policy of maintaining friendly relations with the Republic of China.” On November 6, just a few days before the visit was to take place, Beijing announced that Prince Talal was “unable to proceed with his visit to China due to sudden and pressing family circumstances.”²⁴ He has never shown up. In this round the ROC appeared to have gained the upper hand, but not for long. In the same month, November 1984, the United Arab Emirates established diplomatic relations with the PRC, no doubt with Riyadh’s prior approval. Having acquired this new foothold, the PRC now resumed its offensive. Viewed in retrospect, it seems to have followed a new course—still aimed at the same target but now using different weapons, in a literal sense.

²⁴ Taipei Domestic Service, August 11, 1984, in FBIS-CHI, August 15, 1984, p. V1; Xinhua, November 6, 1984, in FBIS-CHI, November 7, 1984, p. 14.

CHAPTER FIVE

The Politics of Arms

Apparently, the Saudi acquisition of Chinese IRBMs is primarily related to the Iran-Iraq war. Though professing neutrality, China signed its first arms deals with Iraq just a few months after the outbreak of the war in September 1980. In 1980–1983, the value of these deals came to US\$3.6 billion, 61 percent of the value of all Chinese arms transfer agreements.¹ These transactions were undoubtedly appreciated by Saudi Arabia, a proponent of Iraq and opponent of Iran: the Saudis allowed the PRC to use their territory for indirect overland military deliveries to Iraq to guarantee their security.² During this period there was no reason for Riyadh itself to acquire Chinese weapons; by 1985, matters had changed. First, despite Riyadh's growing anxieties about possible Iranian aggression, its efforts to obtain advanced U.S. arms, including F-15E fighters and short-range Lance missiles, had repeatedly been frustrated by the U.S. Congress. Second, by that time the Chinese had begun to increase their arms supplies to Iran. Concerned about the implications, Saudi Arabia and other allies of Iraq tried to persuade the PRC to stop selling arms to Iran.

The Third Offensive

It was under the pretext of stopping such sales that Prince Bandar bin Sultan, Saudi Arabia's ambassador to the United States, paid a secret visit to Beijing to negotiate the first Sino-Saudi arms

¹ Richard F. Grimmett, "Trends in Conventional Arms Transfers to the Third World by Major Supplier, 1980–1987," Congressional Research Service Report 88-352 F, May 9, 1988, pp. 4–5. See also Yitzhak Shichor, "The Middle East," in Gerald Segal and William T. Tow, eds., *Chinese Defence Policy* (London: Macmillan, 1984), pp. 263–278.

² *MEED*, January 21, 1983, p. 24; and Clarence A. Robinson, Jr., "Iraq, Iran Acquiring Chinese-Built Fighters," *Aviation Week and Space Technology*, April 11, 1983, pp. 16–18.

deal. Earlier than others, the Saudis realized that no amount of pressure or intimidation would force Beijing to give up arms sales to Iran. Bargaining offered a better way. Consequently, the Saudis told Washington they had offered to compensate the Chinese for their loss of income from Iranian sales by buying the same weapons, including Silkworm missiles, for Iraq. Instead (or, more likely, in addition), the Saudis negotiated their own arms deal with the PRC. It was later reported that China had agreed "in principle," perhaps as early as July 1985, to sell Riyadh an unspecified number of the DF-3A (known in the West as CSS-2) IRBMs.³

Although the evidence suggests that the deal had resulted from a Saudi initiative, the Chinese undoubtedly welcomed it, for the same domestic and international considerations that had underlined their decision to sell arms since the early 1980s.⁴ Economic considerations, to be sure, had motivated China's arms sales; military considerations were even more important. Modernization of the People's Liberation Army (PLA) has depended, to a great extent, on the foreign exchange income from such deals—the DF-3 deal itself is valued at US\$ 1–1.5 billion. Also, there are indications that the deal will enable the Chinese to take the outdated DF-3 IRBMs gradually out of service and thus prepare the ground for the modernization of their missile forces. Nor can the political benefits involved in arms sales be overlooked. As a result of these sales, China's stand in the Middle East has been enhanced considerably, and the missile negotiations with Saudi Arabia could not but lead to improved bilateral relations, at the expense of the ROC.

While these "invisible" negotiations were being held, there were some visible exchanges between the two countries in late 1985. On

³ David B. Ottaway, "Saudis Hid Acquisition of Missiles," *Washington Post*, March 29, 1988. According to *Al-Sayyad*, April 29, 1988, p. 32, in addition to Prince Bandar two other Saudi princes had been involved with the deal: his brother Halid bin Sultan bin 'Abd al-'Aziz, commander of the Air Defense Forces (both are the sons of Prince Sultan bin 'Abd al-'Aziz, deputy prime minister and minister of defense and aviation), and 'Abdallah bin Faysal bin Turki, director general of Al-Jubayl and Yanbu' Civilian Authority.

⁴ For a fuller discussion of these considerations, see Yitzhak Shichor, "Unfolded Arms: Beijing's Recent Military Sales Offensive," *Pacific Review* 1:3 (1988): 320–330; and idem, "The Year of the Silkworms: China's Arms Transactions, 1987," in Richard H. Yang, ed., *SCPS Yearbook on PLA Affairs 1987* (Kaohsiung, Taiwan: Sun Yat-sen Center for Policy Studies, National Sun Yat-sen University, 1988):153–168. See also Wei-chin Lee, "The Birth of a Salesman: China as an Arms Supplier," *Journal of North East Asian Studies* 3:4 (Winter 1987–88):32–46.

November 19 Yao Yilin, China's vice-premier who was visiting Oman (and also Kuwait and the UAE), met there with leaders from Qatar, as well as with 'Abdallah bin 'Abd al-'Aziz al-Sa'ud, crown prince and first deputy prime minister of Saudi Arabia. PRC sources said that "they had friendly discussions on major issues of common concern," which "marked a new page in the annals of relationship between China and Saudi Arabia."⁵ A few days after Yao left, Ismail Amat, chairman of the Xinjiang-Uighur Autonomous Region, who was leading a Chinese hajj mission to Saudi Arabia, met with its vice-minister of defense and aviation, Prince 'Abd al-Rahman bin 'Abd al-'Aziz.⁶ Four weeks later China's foreign minister Wu Xueqian concluded his tour of the Middle East with a visit to the UAE. Speaking at a press conference, he expressed his hope that Saudi Arabia would establish diplomatic relations with the PRC "as soon as possible." He underscored that the two countries had contacts in many fields, had no conflict of interests, and held "identical viewpoints" on the issues of the Middle East, the Iran-Iraq war, and Afghanistan. Admitting that Bahrain, Qatar, and Saudi Arabia "still have their difficulties in setting up diplomatic ties with China," he said that China was willing to "try to reach this objective gradually... We are ready to wait... With the strengthening of mutual understanding, the day will come for China to establish diplomatic relations with these countries." In the meantime, he welcomed visits by their officials "to see our present policies and economic development."⁷

The Fourth Offensive

For the next two years, however, neither party openly launched a major initiative. But in late 1987 exchanges resumed. They followed the Mecca incident of July 31, which left 402 people dead (two-thirds of them Iranian pilgrims) after a clash with the Saudi police. While officially adopting a neutral attitude, the Chinese ap-

⁵ Xinhua, November 19, 1985, in BBC, *SWB-FE/8118/A4/1*, November 26, 1985. See also interview with Yao Yilin, Xinhua, November 24, in *JPRS-CPS*, no. 9, January 20, 1986, p. 7; and Newsletter, "Friendship Tour—On Vice Premier Yao Yilin's Visit to Three Gulf Nations," Beijing Domestic Service, November 26, 1985, in *FBIS-CHI*, November 27, 1985, p. 11.

⁶ Xinhua, December 3, 1985, in BBC, *SWB-FE/8133/A4/2*, December 13, 1985. Also in *FBIS-CHI*, December 6, 1985, p. 11.

⁷ AP (Abu Dhabi), December 23, 1985; Xinhua, December 22, 1985, in BBC, *SWB-FE/8144/A4/1*, December 31, 1985.

peared to side with the Saudi version—and with the majority of the Arabs who supported it—rather than with Iran's.⁸ By that time, of course, Saudi Arabia and the PRC had already been engaged in confidential military relations. Perhaps for this reason, a PRC economic delegation led by Jia Shi, director of the CCPIT, was met in Riyadh by the Saudi second deputy prime minister, at the same time minister of defense and aviation, Prince Sultan ibn 'Abd al 'Aziz al-Sa'ud. In the meeting, held on November 24, Jia noted that Saudi Arabia and China had "witnessed new developments in bilateral economic and trade relations in recent years." He stressed the "free movement of goods between the two countries and talked about the possibility of establishing cooperation in industry and labor services."⁹

In early 1988 two Saudi ministers visited the PRC. In January Minister of Agriculture 'Abd al-Rahman ibn 'Abd al-'Aziz al-Shaykh arrived in China. Although Xinhua described him as a special envoy of King Fahd and underlined the bilateral nature of his visit, his official cover was to represent the GCC in a mission to the PRC as one of the five permanent members of the UN Security Council. Nonetheless, in his meetings with President Li Xiannian and Foreign Minister Wu Xueqian he said that Saudi Arabia not only understood and trusted China's stand toward the Iran-Iraq war but, moreover, "attached great satisfaction to the development of bilateral relations in the past few years."¹⁰ In February the Saudi minister of pilgrimage and awqaf, 'Abd al-Wahab al-Wasi', arrived in China and met with the Chinese minister of the interior. And in March the Sino-Saudi DF-3 missile deal hit the headlines.

The Missile Deal

An IRBM (the precise Chinese term is *zhongcheng huojian*, namely, medium-range rocket), the DF-3, which was on PRC drawing boards in 1963, was first test-launched in December 1966. It is a mobile, single-stage missile capable of delivering a nuclear warhead of 1–3 megatons an estimated 2,800 km. Liquid-fuelled by N204/UDMH (unsymmetrical dimethylhydrazine), as well as by a liquid oxidizer (AK-27), nitric acid, and nitrogen tetroxide, the DF-3 became operational in 1972. By the end of the 1970s, it had

⁸ For example, Xin Di, "Bloodshed Rocks Holy City," *Beijing Review*, no. 33, August 17, 1987, p. 13.

⁹ Xinhua, November 25, 1987, in FBIS-CHI, November 30, 1987, p. 9.

¹⁰ Xinhua, January 23, 1988, in BBC, *SWB-FE/0058/A4/1*, January 26, 1988.

been deployed in permanent sites; between 1978 and 1984, about twenty a year were reportedly produced. During September 1984 an improved version of the DF-3—with a range of 4,000 km, fitted with a MIRV-type (multiple independent re-entry vehicle) nosecone, and perhaps solid-fueled—was flight-tested from China's southwest launch complex at Xichang, Sichuan Province. Most DF-3 IRBMs could not only be retrofitted with a MIRV capability, but could also be easily upgraded to a limited-range ICBM by merely adding a second stage (the DF-4 ICBM system's first stage is identical to the DF-3 booster). Today, 60–65 (according to other sources, 85–125) DF-3 IRBMs, some updated, are deployed in the PRC, possibly with the same number in stockpile.¹¹ It is unlikely, however, that these nuclear-tipped missiles are the kind sold to Saudi Arabia.

While giving no details about the deal, both Riyadh and Beijing insisted that the missiles would carry a conventional HE (high explosive) warhead. This means that the DF-3 must have been modified to make it more effective, probably by increasing its HE payload to an estimated weight of 1,600 kg (at the expense of reducing its range; its total weight is 70 tons, its length, 20 m). Beyond this modification, little is known about the deal itself—not the kind and number of missiles involved (estimated at 12–70); their value (the total package has been estimated at US\$500–\$1,500 million, or nearly US\$100 million each including the ground-support systems, training and maintenance); how many have already been delivered or deployed (if any); their location, degree of accuracy, and so on.¹² Uncertainty bred speculation: quoting U.S.

¹¹ Data gathered from the following sources: John Wilson Lewis and Xue Litai, "Strategic Weapons and Chinese Power: The Formative Years," *China Quarterly* 112 (December 1987):550; G. Jacobs, "China's Strategic Forces," *Asian Defence Journal*, no. 11 (1985):36–39; Gordon Jacobs, "China's Ballistic Missile Programme," *Jane's Defence Weekly*, April 6, 1985, pp. 586–587; Bradley Hahn, "Beijing's Growing Global Missile Reach," *Pacific Defence Reporter*, February 1987, pp. 12–13; Defense Intelligence Agency, *Handbook of the Chinese People's Liberation Army* (Washington, D.C.: Government Printing Office, November 1984), pp. 69–72, A-44; Far Eastern Economic Review, *Asia 1988 Yearbook*, pp. 13, 18; Stockholm International Peace Research Institute, *SIPRI Yearbook 1987: World Armaments and Disarmament* (Oxford: Oxford University Press, 1987), pp. 34–42; "Chinese Flight Test New Missile Version," *Aviation Week & Space Technology*, June 30, 1986, p. 16; "Missile Range Increases," *Jane's Defence Weekly*, February 15, 1986, p. 233.

¹² For a recent discussion of the Sino-Saudi deal, its origins and implications, see Bernard Reich and Alexander Huang, *China's Arms Sales to the Middle East: The Case of Saudi Arabia*, Research Report no. 3 (London: Institute of Jewish Affairs,

diplomatic sources from Washington, Kyodo News Agency reported, for example, that the Chinese missiles had been installed on the outskirts of Riyadh by PRC arms experts in cooperation with engineers of a South Korean construction company.¹³ The Saudi defense minister, Prince Sultan ibn 'Abd al-'Aziz, told the Lebanese weekly *Al-Sayyad* that the missiles had been "delivered and deployed two years ago."¹⁴ Although many details of the deal are still obscure, its implications can nevertheless be considered.

1989):1-12. See also "Unsweet Missiles of Spring," *The Economist*, March 26, 1988, pp. 54, 56; "Saudi Purchase of Chinese Missiles Changes Middle East Military Balance," *Aviation Week & Space Technology*, March 28, 1988, p. 30; "China's Missiles Sales—Sowing Dragons Teeth," *FEER*, June 2, 1988, pp. 22-24, 26-28; "Chinese Sell Saudis Missiles Capable of Covering Mideast," *Washington Post*, March 18, 1988; "Saudi Arabia Building Bases for Nuclear-Capable Missiles," *Washington Times*, March 18, 1988; "Saudis Hid Acquisition of Missiles," *Washington Post*, March 29, 1988; P. Lewis Young, "Saudi Arabia's Missile Acquisition: A New Stage in the Gulf Conflict," *Asian Defence Journal*, no. 7 (1988):30-38. In Arabic see Khalid Zakariya al-Sarjani, "Safqat al-Sawarikh al-Siniyyah wa'l-Tahdid al-Israili lil-Sa'udiyah" (The Chinese missile deal and the Israeli threat to Saudia), *Al-Siyasah al-Dawliyyah* (International policy) (Cairo) (July 1988):157-161.

¹³ *Korea Herald*, April 19, 1988, in FBIS-NES, April 20, 1988, p. 19.

¹⁴ AFP (Paris), April 29, 1988, in FBIS-NES, May 2, 1988, pp. 20-21, and n. 3 above.

CHAPTER SIX

Bilateral Implications

PRC-Saudi Relations

The Saudi-PRC deal reflects a qualitative change in relations between the two countries. Apparently, they have negotiated in secret for three years, something they have not done before. Moreover, Beijing must have realized that its agreement to supply the missiles—a drastic departure from limits carefully observed in the past—would pave the ground for Saudi recognition and diplomatic relations. Rumors about forthcoming relations have been spread since the late 1970s, but recent reports that Riyadh is “on the verge” of establishing diplomatic relations with the PRC should be taken much more seriously.¹ The question is no longer “if” but “when.” The PRC will undoubtedly insist that its military relations with Saudi Arabia, publicly acknowledged by both capitals, become a prelude to official relations, and not only with Riyadh.

Striking while the iron was still hot, Qi Huaiyuan, China’s vice-minister of foreign affairs (in charge of the Middle East) hurried to Saudi Arabia. He carried written messages from PRC president Li Xiannian to the Saudi foreign minister, Prince Sa’ud al-Faysal, as well as to the Saudi king, in reply to their two earlier messages concerning the Iran-Iraq war and the Palestinian uprising. Though neither the missile sale nor the prospects of diplomatic ties were publicly mentioned, the visit was politically significant not only because of the issues discussed in private but also because Qi is the highest-ranking PRC official to have visited Riyadh.²

¹ Jasper Becker, “Saudi Arabia ‘To Establish Formal Ties with China,’” *Guardian*, April 4, 1988, p. 12.

² Xinhua, April 3, 1988, in BBC, *SWB-FE/0117/A4/1*, April 5, 1988; SPA (Riyadh), April 3, 1988, in FBIS-NES, April 4, 1988, p. 18; AP (Riyadh), April 3, 1988, and Reuters (Muscat), April 3, 1988. Earlier, in July 1987, Qi visited Kuwait.

While Qi visited Saudi Arabia, Yang Fuchang, director of the West Asia and North Africa Department of the PRC Ministry of Foreign Affairs (a former chargé d'affaires in Yemen, deputy director of the same department, ambassador to Kuwait, and, later, assistant foreign minister in charge of Middle Eastern affairs), visited Bahrain. In his meetings with the amir, the prime minister, and the foreign minister, Yang reviewed recent developments in PRC-Bahrain relations, particularly in trade and economics, as well as current regional developments and "issues of common interest to both states."³

By that time Beijing's foreign minister Wu Xueqian had already confirmed that the PRC had sold ground-to-ground missiles to Saudi Arabia, in order to "help stabilize the situation in that country and in the Middle East in general." He used the occasion to state one more time that "China wishes to establish diplomatic relations with Saudi Arabia as soon as possible since the relations between the two countries have developed in various fields in recent years."⁴ Reportedly, the issue of diplomatic relations was then discussed by the foreign ministers of the two countries while they were in New York for the UN General Assembly. Another indication of the improvement of Sino-Saudi relations has been the official visit to the PRC of Prince Bandar bin Sultan ibn 'Abd al 'Aziz at the invitation of the PRC government.

Riyadh's ambassador to Washington and the alleged orchestrator of the Sino-Saudi IRBMs deal, the prince arrived in Beijing on October 12, 1988, as a special envoy of King Fahd. The next day he met CCP general secretary Zhao Ziyang, who told him that "China is willing to further strengthen and promote friendship and cooperation with Saudi Arabia in all spheres." Zhao added that "expanding bilateral relations not only conforms with the fundamental interests of the two peoples but is also conducive to peace and stability in the world." Bandar, who handed Zhao a letter from King Fahd, replied that "Saudi Arabian leaders admire China's

Quoting "diplomatic sources," *Al-Khaleej*, July 30, 1987, said that his visit "removed many misunderstandings and complications concerning the distribution of Chinese missiles in the region." Though no clarifications were given, it is possible that Qi calmed down the agitation against the Sino-Iranian arms deals by intimating to Gulf leaders about the new Sino-Saudi connection.

³ WAKH, April 5, 1988, in FBIS-NES, April 7, 1988, p. 14; and Xinhua, Beijing, April 6, 1988, in FBIS-CHI, April 7, 1988, p. 11.

⁴ Xinhua, April 6, 1988, in FBIS-CHI, April 6, 1988, p. 8.

foreign policy and its policy of reform and opening up. They pay tribute to the cooperation between the two countries and wish to further promote friendship and cooperation with China.”⁵ (During the visit, the Saudi envoy met with Foreign Minister Qian Qichen, Vice-Foreign Minister Qi Huaiyuan, and Assistant Foreign Minister Yang Fuchang.)

At the time of the visit, Asian diplomats in Beijing said they expected Saudi Arabia to break ties with the ROC before the end of the year and establish diplomatic relations with the PRC instead. Later, however, sources in the Gulf suggested that diplomatic ties could take several years to establish because Riyadh was reluctant to cut off its relations with Taipei. Allegedly, this was the main theme of King Fahd’s message to Beijing. In the meantime, perhaps to appease his hosts and provide for regular though non-diplomatic relations with China, Prince Bandar reportedly conveyed the king’s approval that both countries exchange official trade offices. A month later, on November 11, Prince Bandar and Han Xu, the PRC’s ambassador to Washington, signed the agreement—an important step toward diplomatic relations.⁶

Four months later both sides began to implement the agreement. In March 1989 a PRC delegation arrived in Saudi Arabia to organize the opening of the new commercial office. Dong Shaoqin, leader of the delegation and the appointed commercial representative, underscored that his mission aims at promoting economic relations with Saudi Arabia. China was interested, he said, in joint

⁵ “Zhao Ziyang Meets Special Envoy of Saudi Arabian King,” *Renmin ribao*, October 14, 1988, p. 1, in FBIS-CHI, October 14, 1988, p. 16; “Zhao in Bid to Expand Saudi Ties,” *China Daily*, October 14, 1988, p. 1; Riyadh Home Service, October 12, 1988, in BBC, *SWB-FE/0283/A4/1*, October 15, 1988.

⁶ SPA, November 11, 1988, in FBIS-NES, November 14, 1988, p. 24; Xinhua, November 12, 1988, in FBIS-CHI, November 14, 1988, p. 19. See also Reuters (Beijing), October 12, 1988, and Reuters (Bahrain), October 29, 1988. The commercial representatives’ offices were to be established in Beijing and Riyadh. The fact that Prince Bandar has been instrumental in reaching the agreement suggests that it might be connected to the missile deal and might be intended to facilitate the exchange of technicians and materials. Earlier it was reported that “it [will] only be a matter of months, if not weeks, before Riyadh and Beijing [establish] diplomatic ties.” See David Chen, “Official Ties with Riyadh Likely Soon,” *South China Morning Post*, October 10, 1988, p. 8; and idem, “Fahd’s Envoy Flies in for Talks on Full Ties,” *South China Morning Post*, October 13, 1988, p. 15. On October 28, however, the *Washington Post* quoted sources close to the Saudi government who said that Riyadh suggested a delay in the establishment of official relations “until the end of 1989.”

ventures and was ready to contribute manpower to the large expatriate labor communities helping Saudi Arabia with its vast economic and social development.⁷

On April 19, 1989, Abdullah al-Kuwaiz, the Saudi deputy minister of finance and national economy, made a similar announcement during his visit to Beijing. To head its first trade office in the PRC (or any Communist state), Riyadh appointed Tawfiq Khalid Alam-Dar, a senior Foreign Ministry official, chief of the Protocol Department, and former ambassador to Pakistan. Reports said the two offices and representatives would enjoy diplomatic privileges similar to those granted to embassies and, moreover, each of these offices would be the nucleus of a future embassy.⁸ In fact, the exchange of such "trade" offices amounts to the establishment of diplomatic relations, save by name.

By April 1989 Saudi Arabia was the only Arab government without official political representation in Beijing. Both Qatar and Bahrain had recognized the PRC; Qatar announced its decision to set up full diplomatic relations on July 9, 1988. Such a decision could not have been made without a Saudi preconfirmation, if not blessing.⁹ And, to balance its official ties with the PRC, early the next month Qatar established diplomatic relations with the Soviet Union, thereby creating the pattern that Riyadh is presumed to be following. The Qatari ambassador to France explained:

Each country has the right to lay down its foreign policy. Now is the time to establish relations with the USSR and the PRC. The

⁷ *Riyadh Daily*, March 26, 1989. See also AP (Riyadh), April 30, 1989.

⁸ *Al-Sharq al-Awsat*, March 31, 1989, pp. 1–2, in FBIS-NES, April 4, 1989, pp. 15–16. See also Reuters (Nicosia), March 31, 1989; *China Daily*, April 21, 1989, p. 2; and "Saudi Trade Office to Be Set Up in Beijing," *Beijing Review*, May 1–7, 1989, p. 12. An article by Sun Kun entitled "Saudi Economy Pumps with Punches" is published in the same issue (pp. 11–14). Sun Kun is the head of the division of West Asian and African Studies of the China Institute of Contemporary International Relations.

⁹ See Xinhua, July 9, 1988, and Editorial, "A New Development in Sino-Qatari Friendly Relations—Lauding the Establishment of Diplomatic Relations between China and Qatar," *Renmin ribao*, July 10, 1988, p. 1, in FBIS-CHI, July 11, 1988, p. 16. The joint communiqué was signed in Paris by the Qatari ambassador to France and his counterpart, Zhou Jue. For many years Zhou Jue had been involved in Middle Eastern affairs as section director (1970–1971), deputy director (1971–1974), acting director (1974–1979), and director (1979–1981) of the West Asia and North Africa Department of the PRC Foreign Ministry. Before his appointment as ambassador to France he had been ambassador to Turkey (1981–1984) and assistant foreign minister (1984–1986).

USSR and the PRC are important because they are two permanent members of the Security Council. The relations were established with these two countries because of their international weight and position, and their positive stand on Arab issues. I would like to say that the USSR and the PRC have always supported Arab rights and championed our causes in international quarters, particularly our primary cause—the Palestine question. This support has always been appreciated by our Arab nation. The present international détente also calls on world countries to cooperate without any preconditions, except the principles of the UN Charter agreed upon by everybody.¹⁰

Then, on April 18, 1989, shortly after Beijing and Riyadh started organizing their trade offices and following several days of intensive negotiations with the Chinese ambassador to Kuwait, Guan Zihuai, Bahrain and the PRC established diplomatic relations, the first such relations between Bahrain and any Communist country.¹¹

ROC-Saudi Relations

It is one thing, however, for Qatar and Bahrain—which have never had official ties with the ROC—to establish diplomatic relations with the PRC; it is quite another for Saudi Arabia, which has had diplomatic relations with the ROC since 1957. There has been no hint from Riyadh that the IRBMs deal would lead either to diplomatic relations with the PRC or to the deterioration of relations with the ROC. On the contrary, from the very beginning the Saudis have insisted that their exchanges with Beijing have been confined to nonpolitical issues (Islam, trade) that would not affect their attitude toward Taipei. Indeed, ROC-Saudi ties have been steadily improving since King Faysal (r. 1964–1975) officially visited Taiwan in May 1971. Alluding to the initial indications of the U.S.-PRC thaw, the king promised just before he departed: “Saudi Arabia will always stand by you even after the Americans turn their backs on you.”¹²

This pledge has so far been fundamentally honored. By 1972 the value of ROC imports from Saudi Arabia (mostly oil) had shot up more than fifteen times compared to 1971, while ROC exports

¹⁰ Interview on Radio Monte Carlo (Paris), August 4, 1988, in FBIS-NES, August 5, 1988, p. 11.

¹¹ AP and Reuters (Manama), April 18, 1989. See also *China Daily*, April 19, 1989, p. 1, and April 20, 1989, p. 2.

¹² Quoted by Premier Sun Yun-hsuan, CNA, January 28, 1984, in JPRS-CEA, no. 16, February 27, 1984, pp. 102–103.

almost tripled. Bilateral trade continued to increase, reaching US\$2.7 billion in the peak years 1982–1984, more than ten times the PRC trade with Saudi Arabia (see Table 5). Also in 1972, Ret-Ser Engineering Agency, Taiwan's largest heavy construction company, extended its operations to the Saudi market. Four years later, BES Engineering Corporation, the ROC's second largest contractor, won its first minor project in Jiddah. By early 1984, both had undertaken seventy-four development projects worth US\$2 billion including roads, harbors, airports, hospitals, pipes and sewers, industrial sites, and office, factory, and other public buildings, with more contracts on order. Altogether, a Taiwanese workforce of eight thousand associated with some fifty ROC companies and official organizations has been operating in Saudi Arabia in the mid-1980s.¹³

Much of this activity has been motivated more by political considerations than by economic ones. A direct development assistance program, particularly in medicine (doctors and nurses staffing entire Saudi hospitals), agriculture, and fishery, has won the ROC a good deal of respect and appreciation (see Table 6). The same goes for electricity projects. For example, Taiwan Power Company (Taipower), which has maintained a mission attached to the Saudi Ministry of Industry and Electricity since 1975, has provided the Saudis with technical assistance and consultation just for the salaries paid to individual workers. Even its huge US\$160 million Al-Baha electricity project amounted to virtual aid. To partially compensate for these activities, the ROC received from the Saudi Development Fund US\$230 million in low-interest loans by mid-1984 for road, rail, and telecommunications projects, as well as for the construction of an underground railway in Taipei.

These ROC-Saudi exchanges are handled by a Permanent Committee on Economic and Technical Cooperation that was established in 1975 and has met annually at ministerial level. Similarly, a Permanent Committee on Cultural Cooperation covers the fields

¹³ This section is based on the following: Richard Breeze, "Taiwan's Saudi Contracts Counter China's Diplomatic Moves," *MEED*, July 27, 1979, pp. 8–10; Derek Elley, "Taiwan Builds on Its Middle East Success," *MEED*, September 18, 1981, pp. 33–34; "Saudi-Taiwan Conundrum," *Arabia: The Islamic World Review*, no. 2 (October 1981):64–65; "New Era in Saudi-Sino Relations?" *ibid.*, no. 7 (March 1982):37; Andrew Tanzer, "Taiwan, the Saudi Connection," *FEER*, July 9, 1982, pp. 28–29; Jonathan Fenby, "Taiwan Advances on Middle East," *MEED*, September 17, 1982, pp. 48–49; Martin Roth, "Taiwan Looks to Increase Middle East Trade," *MEED*, May 4, 1984, p. 7.

Table 5
ROC Trade with Saudi Arabia, 1966–1987

Year	Exports			Imports		
	NT\$ (millions)	US\$ (millions)	Percent	NT\$ (millions)	US\$ (millions)	Percent
1987	22,370	703.47	1.31	34,195	1,075.31	3.12
1986	20,544	626.32	1.57	34,740	910.00	3.77
1985	23,472	590.01	1.92	54,322	1,361.00	6.77
1984	28,805	727.73	2.39	78,158	1,971.22	8.97
1983	30,416	760.24	3.03	77,224	1,925.48	9.49
1982	27,969	719.33	3.24	76,735	1,968.51	10.42
1981	22,228	606.59	2.68	65,909	1,797.26	8.46
1980	19,578	544.53	2.75	51,160	1,418.94	7.19
1979	17,127	475.83	2.96	31,183	864.81	5.85
1978	11,860	321.57	2.53	23,978	648.56	5.67
1977	8,578	226.03	2.41	18,617	489.27	5.75
1976	4,725	124.49	1.43	15,572	409.26	5.42
1975	4,449	117.23	2.21	8,688	228.32	3.84
1974	2,290	60.43	1.07	12,750	334.69	4.80
1973	949	24.92	0.56	1,630	42.61	1.13
1972	898	22.45	0.75	3,090	77.06	3.07
1971	323	8.07	0.39	195	4.86	0.26
1970	153	3.82	0.26	110	2.74	0.18
1969	114	2.85	0.27	209	5.21	0.43
1968	69	1.72	0.22	106	2.64	0.29
1967	45	1.12	0.17	88	2.19	0.27
1966	22	0.55	0.10	114	2.84	0.46

SOURCE: Directorate General of Budget, Accounting, and Statistics, Executive Yuan, *Statistical Yearbook of the Republic of China 1987* (Taipei, November 1987), pp. 375–379, 384–387; and Council for Economic Planning and Development, *Data Book 1988* (Taipei, June 1988), p. 217.

of science and technology, culture and education, and sports and youth. Other fields of cooperation have been national security, annual ROC Muslim pilgrimage groups, and frequent visits by political leaders and high-ranking officials. In short, ROC-Saudi relations appeared to be as solid as could be, reflecting the common ideological and political convictions as well as the economic interests of both countries.

Reports on PRC-Saudi exploratory exchanges have been regularly dismissed by both Taipei and Riyadh. Thus, a few weeks after

Table 6
ROC Development Assistance to Saudi Arabia, 1972–1987
(in persons)

Year	Technical Mission	Agricultural Team	Fishery Mission
1972	5	0	0
1973	5	0	0
1974	4	0	0
1975	6	0	0
1976	4	0	0
1977	20	0	0
1978	29	0	0
1979	25	33	0
1980	24	29	3
1981	33	41	3
1982	55	41	2
1983	63	36	3
1984	61	35	1
1985	62	33	2
1986	51	11	2
1987	7	16	2

SOURCES: Directorate General of Budget and Accounting, Executive Yuan, *Statistical Yearbook of China 1986* (Taipei), pp. 283–285; 1987, pp. 274–275; and 1988, pp. 260–263.

the Zhao-Fahd meeting in Mexico, which was accompanied by rumors about secret PRC-Saudi visits, the ROC economic affairs minister, returning to Taipei from Riyadh, stated that Crown Prince Fahd had told him that the Saudi kingdom would *never establish any sort of relations with Communist China* (emphasis added). “The Crown Prince described as ‘nonsense’ some wire service reports about contacts between Saudi Arabia and Red China” and, moreover, “reiterated that Sino-Saudi relations are cordial and firm and can never be undermined by any third party.”¹⁴

Upon his accession to the throne following the death of King Khalid (r. 1975–1982), his successor, King Fahd, immediately as-

¹⁴ CNA, Taipei, January 14, 1982, in FBIS-CHI, January 18, 1982, p. V3.

sured ROC foreign minister Chu Fu-sung that the Sino-Saudi friendship, built on a solid basis, would under no circumstances be changed.¹⁵ Relations between the two nations have been close and friendly, he was quoted saying later on. "The kingdom is determined," he added, "to continue to strengthen such friendly ties and to keep such efforts going on forever." He went on to say that Communist China poses a great threat to the ROC and that the Saudi government's stand is that "Communist China cannot be allowed to do any harm to the ROC."¹⁶ And Taipei's ambassador to Saudi Arabia also told reporters "that he is confident that the relations between the two countries are very good and that Saudi Arabia's foreign policy toward [the Republic of] China remains unchanged."¹⁷ In an interview with Saudi journalists that he held in August 1986, ROC Premier Yu Kuo-hwa reconfirmed: "The Republic of China has always attached great importance to the friendly relations and cooperation with Saudi Arabia. For many years China and Saudi Arabia have made positive efforts to promote all kinds of cooperation. . . . The friendship between the two countries is growing every day."¹⁸

By that time, the Beijing-Riyadh missile deal had already been concluded—hardly a sign of "growing friendship" displayed by the Saudis toward the ROC. Nevertheless, the acquisition of PRC IRBMs has been justified by the Saudis as a simple and obvious solution to their security needs. An "official source," who promptly confirmed the deal on March 19, 1988, underscored that it was not new or astonishing for Saudi Arabia to secure its arms requirements from different sources in line with its defense policy and in view of the situation prevailing in the region. He then added: "It is the legitimate right of any country to take the necessary measures it considers important for its own self-defense."¹⁹ This was later elaborated in unequivocal terms by King Fahd himself:

The direction to which our country turns is determined by our national interests. We are not on the side of anyone, we merely follow

¹⁵ CNA, June 23–24, 1982, in FBIS–CHI, June 25, 1982, p. V2. See also CNA, February 8, 1983, in FBIS–CHI, February 8, 1983, p. V1.

¹⁶ Reported by CNA, September 12, 1983, in JPRS–CPS, no. 461, October 11, 1983, p. 106.

¹⁷ CNA, January 18, 1986, in FBIS–CHI, January 28, 1986, p. V2.

¹⁸ *Chung-yang jih-pao* (Central daily news) (Taipei), July 24, 1986, p. 2, in JPRS–CPS, no. 66, August 28, 1986, p. 102.

¹⁹ SPA, "Kingdom Gets China-Made Missiles," *Arab News*, March 20, 1988, p. 1.

our interests. We have obtained these Chinese missiles. It was reported that they carry nuclear warheads or chemical substances. It is necessary to emphasize that these missiles are defensive and do not carry any nuclear warheads as has been reported. The purpose of these missiles is to strengthen Saudi Arabia's defensive power, and [they] will be used if our country is subjected to any threat. I reiterate: I hope we will not be compelled to use this defensive power, because we know that... the countries of this region want to live in peace and security. However, if we are compelled to use our defensive power then that cannot be helped.²⁰

In another interview he said:

I believe that you are aware of the row made about the missiles. The Kingdom is free to purchase arms from any country where it thinks it can find the kind of arms it needs... We confirmed to those who asked us that the missiles which we possess have neither nuclear heads nor chemical materials. They are just defence missiles and nothing else. It is not strange for the Kingdom to purchase defence weapons to defend its belief and country... This is the reason which made the Kingdom knock at all doors of the world to benefit from any kind of sophisticated arms, which have value and weight.²¹

To the question whether the missile deal would be followed by an exchange of diplomatic representatives with the PRC, Prince Sultan bin 'Abd al-'Aziz, deputy prime minister and minister of defense and aviation, said that the exchange of diplomatic representatives is a secondary question in contemporary international relations: a two-member trade delegation can sign contracts valued at millions of dollars with countries that are not recognized diplomatically. Diplomatic representation, he said, is no more than a show window in the relations between countries. Countries are not linked together by policy. Policy is empty words (*kalam bikalam*). Links are created by interests and by mutual benefit.²²

As in the past, Saudi Arabia tried to reassure the ROC that the deal would not affect their friendship. Indeed, reports on forthcoming Beijing-Riyadh diplomatic relations have been repeatedly denied by the Saudi embassy in Taipei as "mere speculation." The ROC Foreign Ministry has also described the reports as "groundless

²⁰ Interview in *Al-Siyasah*, April 28-29, 1988, pp. 1, 7, in FBIS-NES, May 2, 1988, p. 20.

²¹ *Saudi Gazette*, April 9, 1988, pp. 1, 3, in FBIS-NES, April 15, 1988, p. 30.

²² Interview in *Al-Sayyad*, April 24, 1988, pp. 34-35.

and untrue” and added that ROC-Saudi relations have continued to be close and cordial.²³

Notwithstanding these excuses and pretenses, it would have been inconceivable that Riyadh’s exchanges with the PRC, particularly the IRBMs deal, not undermine its “cordial” relations with the ROC. In reality, since the early 1980s Taipei’s relations with Riyadh have been gradually eroded, partly because of economic realities, but no less as a reflection of political anxiety about the evolving Saudi-PRC links.

The once thriving bilateral trade, for example, has been considerably reduced until recently. Thus, the average annual value of Taiwan’s exports to Saudi Arabia in 1985–1987 was lower by US\$100 million (about 14 percent) than in 1982–1984. And whereas in 1982 the Saudi share in Taiwan’s total exports reached its height of 3.24 percent, in 1987 it shrank as low as 1.31 percent, a little less than in 1976. ROC imports have been chopped even more drastically. Whereas in 1982 the Saudi share in Taiwan’s total imports reached 10.42 percent, in 1987 it went down to 3.12 percent, a cut of about US\$1 billion or nearly 50 percent, mostly in oil. The Saudi share in Taiwan’s annual oil bill, which reached 49.0 percent (nearly US\$1.9 billion) in 1982–1984, fell to 32.2 percent (a little more than US\$800 million) in 1987, a drop of nearly 60 percent (see Tables 5 and 7).²⁴ Also, ROC construction and other companies find fewer business opportunities in Saudi Arabia, and ROC development assistance has declined (see Table 6). Most of this erosion can be explained in economic terms: the fall of oil prices, which decimated Saudi income; the ROC policy of diversify-

²³ *Free China Journal*, April 4, 1988, p. 1.

²⁴ There is some confusion about the dimension of ROC oil imports from Saudi Arabia. According to Edward Kuan, Taiwan’s ambassador to Riyadh, beginning in April 1988 the ROC increased its purchase of Saudi Arabian oil from 120,000 to 130,000 barrels per day (bpd), although in December it was 140,000 bpd (*Arab News*, December 11, 1988, p. 11). On January 26, 1989, however, the *Free China Journal*, p. 7, reported that “last December, Saudi Arabia informed the ROC it would cut the nation’s oil supply 40 percent. But after the ROC negotiated with the Saudi kingdom, the Saudi side agreed to increase the shipments to 90,000 barrels a day.” Taiwan’s total contracted supply volume for 1989 is 380,000 bpd, with demand expected to reach 420,000 bpd. Attempts have been made to lower the ROC’s dependence on Middle East oil to below 60 percent of the total demand (*Free China Journal*, February 20, 1989, p. 8). Saudi Arabia tightened its crude oil supplies to all customers in accordance with the agreement of OPEC (Organization of Oil Exporting Countries) to prevent a severe deterioration of prices. *Free China Journal*, July 27, 1989, p. 7.

Table 7
Value of ROC Crude Oil Imports from the Middle East, 1976-1987

Year	Total (US\$K)	Saudi Arabia			Kuwait			Kuwait and Saudi Arabia		
		Value (US\$K)	Share (%)	Change (%)	Value (US\$K)	Share (%)	Change (%)	Value (US\$K)	Share (%)	Change (%)
1987	2,527,541	812,871	32.2	14.1	684,701	27.1	78.1	1,497,572	59.2	36.6
1986	2,042,472	712,226	34.8	-41.8	384,530	18.8	-37.3	1,096,756	53.7	-40.2
1985	3,337,918	1,223,907	36.7	-33.8	610,359	18.3	-13.8	1,834,266	55.0	-28.2
1984	3,766,820	1,847,625	49.0	-0.1	707,995	18.8	-36.3	2,555,620	67.8	-13.7
1983	4,093,562	1,849,411	45.2	-2.5	1,110,753	27.1	-10.5	2,960,164	72.3	-5.7
1982	3,870,660	1,897,859	49.0	8.7	1,241,146	32.1	-37.3	3,139,005	81.1	-15.8
1981	4,454,048	1,746,389	39.2	24.9	1,980,257	44.5	-1.9	3,726,646	83.7	9.0
1980	4,104,566	1,398,121	34.1	63.4	2,019,440	49.2	101.0	3,417,561	83.3	83.7
1979	2,175,771	855,804	39.3	33.2	1,004,911	46.2	48.2	1,860,715	85.6	40.9
1978	1,587,454	642,631	40.5	34.7	678,021	42.7	23.2	1,320,652	83.2	28.5
1977	1,248,935	477,152	38.2	21.4	550,269	44.1	-2.4	1,027,421	82.3	7.4
1976	1,051,904	393,095	37.4		563,904	53.6		956,999	91.0	

SOURCES: Adapted from Council for Economic Planning and Development, ROC, *Taiwan Statistical Data Book 1986* (Taipei, June 1986), p. 239; and 1988 (June 1988), p. 245.

ing its energy supply and cutting down on consumption; tough competition from South Korean construction corporations, and so forth. Still, the impact of the approaching Beijing-Riyadh thaw cannot be ruled out.

Dependent on Saudi Arabia for its oil supplies and markets, the ROC was very cautious in its public attitude toward Riyadh's exchanges with the PRC, particularly in the early 1980s. By 1985, however, its uneasiness had begun to surface. Control Yuan member Ma Ching-wu (a Muslim, judging by his name) urged the authorities to watch out for religious united front tactics by the Chinese Communists in Saudi Arabia. He warned that the large groups of so-called pilgrimage missions that the Chinese Communists have been dispatching to Saudi Arabia are actually "Red cadres" that engage in religious united front tactics in an attempt to confuse the Saudi leadership and politicians.²⁵ And Haj Dawood Ting, leader of the ROC Muslim mission to Saudi Arabia, called on the Saudi-run Muslim World League to be alert to Communist China. "Communist China," he said, "is staging a smiling offensive by giving religious people a little freedom. Its main purpose is to communise the world."²⁶

A further step was taken later in 1985, following another PRC offensive to win Riyadh's goodwill (see above). Probed about it, an ROC Foreign Ministry spokesman reiterated the Saudis' assurances that their reception of the Chinese Communist pilgrim mission was limited to religious matters and had nothing to do with politics. Moreover, he argued that "Saudi Arabia has absolutely not changed its policy to the Republic of China. . . . As a Muslim country, Saudi Arabia basically will not stand together with the atheistic Chinese Communists." He then added: "The Chinese Communists will fail in their attempts to undermine the traditional relations between the Republic of China and Saudi Arabia as the ROC-Saudi friendship has been stable and close." Still, these questions were raised at the press conference held after Tsai Wei-ping, the ROC ambassador to Saudi Arabia, had been called back for home consultations.²⁷

Surprised and undoubtedly insulted by the Saudi acquisition of PRC IRBMs,²⁸ the ROC has become more concerned since the

²⁵ CNA, July 17, 1985, in BBC, *SWB-FE/8008/A4/1*, July 20, 1985.

²⁶ CNA, August 23, 1985, in BBC, *SWB-FE/8044/A4/1*, August 31, 1985.

²⁷ CNA, December 28, 1985, in JPRS-CPS, no. 10, January 21, 1986, p. 60.

²⁸ Just six weeks earlier, the Saudi minister of industry and power reiterated in Taipei that the close relations between his country and the ROC would not be subject to any change. Taipei in English, February 1, 1988, in BBC, *SWB-FE/0069/A4/*

spring of 1988. To be sure, it laid most of the blame on the United States, accusing “pro-Peking officials in Washington” who deceive the president and “help Peking in its warmongering activities.” But the Saudis, who had allegedly conducted the negotiations with the PRC without Washington’s knowledge, least of all approval, have not been absolved. They received the following unsought advice:

Peking has sent a senior envoy to Riyadh to discuss the missile problem with Saudi Arabia authorities. It is hoped that King Fahd would not lightly believe his excuses for Peking’s sinister role in stirring up trouble in that region. He should reject Peking’s overture of friendship as there cannot be friendship with Communist nations but deceit and treachery, or, the wise king would fall into Peking’s trap and regret it.²⁹

In an attempt to avoid falling, however, the “wise king” has tried to walk a tightrope, simultaneously maintaining official relations with the ROC and semiofficial relations with the PRC. As we have seen, Prince Bandar, his own special envoy—who had already contributed to the development of Sino-Saudi relations—arrived in Beijing on October 12, 1988. On the eve of his arrival ROC Premier Yu Kuo-hwa categorically denied press reports that Saudi Arabia was going to sever diplomatic ties with the ROC as “absolutely unreliable” and “totally groundless,” maintaining that ROC-Saudi Arabian relations had been “growing normally and steadily.” (Earlier in the day, a Foreign Ministry spokesman had issued a similar denial.³⁰) Foreign Minister Lien Chan pointed out a few days later that “ties between the two countries are very cordial and deep-rooted.” Commenting on the missile deal, he quoted King Fahd as saying that “the Saudis procure weapons but not ideologies.” In sum, Lien reiterated his confidence that Saudi Arabia would continue to maintain diplomatic relations with the ROC.³¹

2, February 8, 1988.

²⁹ Editorial, “Chinese Communist Arms Sales to Saudi Arabia,” *China Post*, April 6, 1988, p. 4, in FBIS-CHI, April 14, 1988, p. 84.

³⁰ CNA, October 11, 1988, in FBIS-CHI, October 14, 1988, p. 65. See also “Saudis Not Switching, Says Yu,” *Free China Journal*, October 17, 1988, p. 2. This was in response to a *South China Morning Post* report from October 10 that “intense negotiations have been taking place between mainland China and Saudi Arabia for belated establishment of diplomatic relations.” See note 6 above.

³¹ CNA, October 18, 1988, in FBIS-CHI, October 20, 1988, p. 60. Foreign Ministry officials admitted that they had not been informed beforehand about Bandar’s special mission, but they still remained optimistic about the prospects for Taipei-Riyadh relations. Taipei Domestic Service, October 13, 1988, in FBIS-CHI, October 17, 1988, p. 68.

The leadership's confidence, however, has been accompanied by a growing anxiety. Using an unconventional diplomatic step, the ROC expressed its "deep" and "serious" concern to Saudi Arabia over "its 'direct official' contact with the Peiping regime." (It was incidentally revealed that, unlike their practice in previous years, the Saudis did not send an official delegation to the ROC National Day celebrations in 1988).³² For the first time, some Kuomintang legislators called on the ROC government to face realities. Chien Han-sun said that ROC efforts to maintain official relations with Saudi Arabia may be a "war that will be hard to win." And Lin Yu-siang has urged the Foreign Ministry to set up a "semiofficial organization" in Saudi Arabia in the event that it may be "switching diplomatic recognition" from Taipei to Peking.³³

Indeed, a few steps have been taken, but not in this direction. On October 16, 1988, Vice-Minister of Foreign Affairs Charles (Shu-chi) King left Taipei for an eighteen-day mission to the Middle East. In his first stop, Bahrain, he met with the Bahraini foreign minister and other ministers (commerce and agriculture, information and health) and also delivered a message to the Amir of Bahrain, including an official invitation from ROC President Li Teng-hui. In addition to further cementing economic relations (there is an ROC agricultural team in Bahrain, and Ret-Ser Engineering Agency is working on large military projects in southern Bahrain), the main purpose of King's visit was undoubtedly to thwart the possibility of Bahrain's recognizing the PRC.³⁴ King also visited Jordan and Turkey (the first visit by an ROC official in the sixteen years since Ankara switched its diplomatic relations from Taipei to Beijing), but his most important stop was Saudi Arabia, where he spent a week.

Upon his return in early November King said, almost apologetically, that "trade ties and arms sales [between the PRC and Saudi Arabia] were made out of practical need." Saudi leaders, he added, had assured him that these would not affect relations with Taipei, though only economic relations (trade and development coopera-

³² CNA, October 13, 1988, in FBIS-CHI, October 14, 1988, p. 65. It was also reported in Taipei that Kuan Yung (Edward Kuan), who took up his post as the ROC ambassador to Riyadh in 1986, did not see the king at all and has seen the Saudi foreign minister only "one and a half times" in more than two years. *Hsin wan pao*, November 12, 1988, p. 1, in FBIS-CHI, November 14, 1988, p. 19.

³³ "Are Saudis Switching?" *Free China Journal*, October 20, 1988, p. 1.

³⁴ CNA, October 16, 1988, in FBIS-NES, October 18, 1988, p. 20.

tion in transportation, agriculture, and electricity) were mentioned. In sum, he concluded, as far as he knew, "relations between our two countries are stable and sound and I see no signs of deteriorating relations."³⁵

This was said on November 7. Just a few days later, on November 11, the PRC and Saudi Arabia agreed to establish commercial representatives' offices in each other's capital, a step toward further normalization between the two countries. Informed about the agreement early the next morning, the ROC embassy in Riyadh could not get clarifications, and the ROC government expressed concern about this development. Soon, however, ROC officials, led by Foreign Minister Lien Chan, started quoting Saudi officials (mainly Asaad Abdul Aziz al-Zuhair, Riyadh's ambassador to Taipei) as saying that PRC-Saudi relations should not violate the ROC's rights and interests or affect its "existing friendly" and diplomatic relations with Riyadh. ROC sources said that "Saudi Arabia does not intend to switch diplomatic recognition from Taipei to Peking, and will continue to recognize the ROC as the sole legitimate government of all China. . . . No matter what name the Chinese Communists use to set up their representative office in Saudi Arabia, Taipei-Riyadh relations will not change."³⁶ And, demonstrating a courageous spirit of "business as usual," Taipei announced plans to send a large trade mission to Saudi Arabia "at the invitation of the Saudi Chamber of Commerce and Industry" and to set up a distribution warehouse in Dammam to promote sales of Taiwan products not only in Saudi Arabia but also in neighboring countries.³⁷

³⁵ AFP (Taipei), November 7, 1988, in FBIS-CHI, November 8, 1988, pp. 71-72. In this context, the ROC provided figures indicating an improvement in trade relations with Saudi Arabia. Two-way trade reached US\$1.7 billion in 1987, 10.7 percent more than in 1986, of which US\$1.07 billion was in ROC imports, mostly oil (up 17.7 percent). In the first nine months of 1988, Saudi exports reached US\$914 million (up 27.1 percent). However, Saudi imports from the ROC fell by 66.9 percent. "Saudi Prince Coming to ROC," *Free China Journal*, November 10, 1988, p. 2. See also Table 5.

³⁶ *Hsin wan pao*, November 12, 1988, p. 1, in FBIS-CHI, November 14, 1988, pp. 19-20; CNA, November 12 and 13, 1988, in *ibid.*, p. 58; "Sheiks Say ROC Ties to Stay," *Free China Journal*, November 17, 1988, p. 1; "'China' Is ROC: Saudis," *Free China Journal*, November 21, 1988, p. 1. See also Annie Huang, "Taiwan Fears Diplomatic Isolation," *Arab News*, December 2, 1988, p. 7.

³⁷ *Free China Journal*, December 1, 1988, p. 7, and December 5, 1988, p. 7. Last-minute efforts have also been made to improve relations with other Middle Eastern countries, such as Iraq, Turkey, and Egypt. See also *Free China Journal*, December 26, 1988, p. 7. The next month, a PRC shipping delegation visited Saudi Arabia, including a tour of Dammam port (*Arab News*, January 11, 1989, p. 3).

Yet Bahrain, one of these countries, the first stop in King's salvation trip, delivered another blow to Taipei barely five weeks after his visit. Tariq 'Abd al-Mu'ayyad, Bahrain's information minister, told Xinhua that the PRC export commodity exhibition that opened in Manama on November 23 "is an indication of our respect for China as well as our willingness to cooperate through trade to the benefit of both countries." He also expressed his expectations for more economic, financial, and cultural ties with China. "Through cultural contacts," he pointed out, "we can develop more friendship on a personal level, between institutions and government officials."³⁸ And, as noted earlier, in April 1989 Bahrain took the final step and established full diplomatic relations with the PRC. The ROC Government Information Office decision to take legal action against any local publishing companies attempting to translate and/or sell Salman Rushdie's "blasphemous" book *The Satanic Verses* in Taiwan³⁹ was not much help.

In sum, the ROC's efforts to straighten the "leftist deviation" toward Beijing in the Arabian Peninsula have not been particularly successful. By early 1989, ROC leaders, apparently realizing that they were about to lose the political game, once again turned to economics. Pursuing what it calls a "substantive" and "elastic" (or "flexible") foreign policy, the ROC has been employing economic means (establishing trade offices and expanding investment and aid) to secure its relations with governments that have already recognized the PRC or are about to do so.⁴⁰

These Taiwanese efforts, together with Saudi Arabia's own sense of guilt and its discomfort with China's brutal military suppression of the Tiananmen demonstrations in early June 1989,⁴¹ might lead the Saudis to postpone the switch toward the PRC, but not for too

³⁸ Huang Jianming, "Bahraini Official Sees Boom Ahead for Gulf Region," Xinhua, November 23, 1988, in FBIS-CHI, November 25, 1988, p. 19.

³⁹ *Free China Journal*, April 6, 1989, p. 3.

⁴⁰ For more details see "Money and Diplomacy," *FEER*, February 2, 1989, pp. 29-30. Some of the ROC trade efforts in the Middle East are given in *Free China Journal*, March 9, 1989, p. 8. See also "Taipei to Cairo ROC Vista Wider," *ibid.*, July 6, 1989, p. 1.

⁴¹ While, to the best of my knowledge, there has been no official Saudi criticism of the Tiananmen massacre, one could sense Riyadh's unofficial irritation. See, for example, the extremely negative attitude displayed in the following article, published in a Saudi periodical: Nadim Nasir, "Majzarat Peking: Nihayat 'Asr Mao" (The Peking massacre: end of the Mao era), *Al-Majallah*, June 14, 1989, pp. 22-26.

long. The missile deal has put Beijing-Riyadh relations on an irreversible course, a course bound to have wide-ranging effects.

CHAPTER SEVEN

Regional Implications

While a number of Middle Eastern countries have already deployed surface-to-surface (SS) missiles and, moreover, actually fired them in military engagements, the introduction of the PRC-made DF-3 has broken the rules of the game. Its range is more than three times that of the most advanced operational missiles in the region, the Iraqi-improved SCUD-B (called 'Abbas), which has a reported range of 900 km. Put differently, the Saudi missiles cover the entire Middle East and its periphery, including Somalia, Ethiopia, Sudan, Egypt, Turkey, Iran, Afghanistan, and Pakistan, as well as western India and even the southern part of the Soviet Union. In addition, although the Chinese DF-3 is much less accurate than Soviet missiles—its circular error probability (CEP) is 1,500 m–2,000 m—it is more lethal and destructive because its HE warhead of an estimated 1,600 kg is much heavier than those of other SS missiles in the Middle East. While such a payload can be easily carried in conventional bombers, they are also much easier to intercept. Liquid-fuelled, the DF-3s sold to Saudi Arabia are more vulnerable while on the ground. Once launched, however, their cruising time (a matter of a few minutes) is too short to provide an adequate warning. In these respects, given a considerable number, the DF-3 might prove very effective. There is nothing similar in the Middle Eastern arsenals, so far.

But whatever the actual capabilities of the Chinese DF-3, even more important—and terrifying—are its potential ones. Although both Beijing and Riyadh insist and assure that the missiles have been modified to carry conventional warheads, none could deny that they had originally been designed, deployed, and tested as delivery vehicles for nuclear weapons. It is primarily in this respect that the Chinese have undermined the rules of the game. This precedent has already created repercussions in the region (and the world, to be discussed below) and, in fact, has legitimized and

paved the ground for other Middle Eastern countries to acquire similar weapons. Consequently, the regional arms race has been “upgraded,” and some “conventional” preconceptions about future regional conflicts will have to be revised. As for the Chinese, their role in the Middle East—which had increased considerably since the early 1980s—has now assumed unprecedented dimensions as the exclusive potential suppliers of semiconventional or even non-conventional weapons.

The Context of the Iran-Iraq War

It should be pointed out that Riyadh’s decision to acquire PRC-made IRBMs can only partly be related to the Iran-Iraq war. The Sino-Saudi deal had been negotiated and concluded long before Iran and Iraq began firing surface-to-surface missiles; it therefore cannot be considered a response to the deployment and use of these weapons. Indeed, to a greater extent, the deal has reflected Saudi Arabia’s attempt (rebuffed by Washington) to supplement its religious and economic prominence with a corresponding military power. This would have underscored its overall predominance in the Middle East for a long time to come. Still, by the time the deal was made public, scores of missiles had already been fired by Iran and Iraq, thus making the Sino-Saudi deal meaningful more in the restricted context of the war than in the wider Middle Eastern and Islamic perspective.

Therefore, although the Saudis have never singled out Iran as a potential target for the DF-3 missiles, the disclosure of the deal at that particular time was undoubtedly intended as a warning to Teheran. And it was indeed perceived as such by Baghdad and its allies, as well as by Iran itself. Thus Kuwait, which had suffered a number of Iranian attacks both at sea and on land, welcomed the deal. Its defense minister was quoted saying that “the Kingdom of Saudi Arabia has every right to purchase the military weapons that suit it from any quarter it wishes to develop the means to defend its territories and sovereignty.”¹ For its part Teheran, supposedly the primary target of the Saudi missiles, casually scoffed at the deal almost in Maoist revolutionary terms:

¹ Kuwait’s defense minister in an interview with the weekly *Al-Majalis*, as reported by KUNA, May 25, 1988, in FBIS-NES, May 27, 1988, p. 15. It has since been reported that, based on the Saudi precedent, Kuwait might also turn to China to acquire sophisticated missiles. See *Al-Ushbu’ al-‘Arabi*, July 18, 1988.

Many believe that the PRC's providing long-range missiles for Saudi Arabia can change the strategic regional balance in favor of Arab reactionaries. . . . This view's falsehood is clear since the weapon of power held by the progressive side in the region, the Islamic Republic of Iran, is stronger than anything presented by such missiles. Moreover, the revolutionaries of the region do not fear being made targets of these missiles.²

Despite their scornful attitude, however, the Iranians must have been upset by the deal (possibly to the point of urging the PRC to sell them more arms in compensation and help them develop and produce their own missile systems).³ Referring to the "innumerable political restrictions that will tie the hands of Al-Sa'ud in using these missiles," Teheran at the same time appeared to believe the Saudi assurances, which it firmly condemned, that the IRBMs would not be directed against Israel. These assurances left Iran as the main target. Perhaps the awareness of this threat, the impact of the Iraqi missiles, and the assumption that the Saudi missiles would become operational by late 1988 were among the considerations that contributed to Teheran's decision to accept the UN-sponsored cease-fire agreement. A resumption of hostilities in the Gulf, however, seriously endangering the persistence of the Saudi royal house, the production and export of oil, or the stability of the holy places, might leave Riyadh no choice but to launch those missiles.

The extraordinary outcome of the PRC-Saudi missile deal is that Beijing has managed to keep good relations with all parties to the conflict. Ties with the Gulf states, first and foremost with Saudi Arabia, as well as with Kuwait, the UAE, Qatar, and Bahrain, have been cemented.⁴ Needless to say, Iraq, a major customer of Chinese

² Station commentary, "The Political Effects of the Chinese Missiles," Teheran Domestic Service, April 8, 1988, in FBIS-NES, April 8, 1988, p. 52-53.

³ For example, recent reports said that China is helping Iran build an IRBM plant in the northeastern part of the country, apparently to produce Chinese-designed projectiles. Cairo Radio, March 9, 1989, and *Al-Ittihad*, March 29, 1989. See also James Bruce, "The Middle East Missile Race," *Jane's Defence Weekly*, April 1, 1989, p. 553.

⁴ In a recent interview, Prince Sultan ibn 'Abd al-'Aziz, second deputy prime minister and minister of defense and aviation, was asked if military cooperation with China ended with East Wind missiles. He replied: "The Kingdom recently opened a trade office in China and trade was expanded last year. As for military cooperation, there has been nothing new since the East Wind missiles. That means not that it has ended but, rather, that our requirements for Chinese exports at this stage ended with those missiles. But there is nothing to prevent the resumption of cooperation if both sides believe that the time is right." *Al-Majallah*, May 24-30, 1989, in FBIS-NES, June 16, 1989, p. 15.

arms (and labor), welcomed the deal—not only because of its immediate implications against Iran, but mostly because of the precedent it created. Before long, Iraq will try to acquire similar weapons from China. And the same goes for Iran. This is one reason why its relations with China have not been seriously affected by the Saudi deal. On the contrary, the PRC, still considered a trusted ally by Teheran, is expected to play a significant role in Iran's postwar reconstruction, both military and economic.⁵

The Context of the Arab-Israeli Conflict

Although Saudi Arabia has gone out of its way to make it clear that the missiles acquired from the PRC will be operated only for defense purposes, and by no means against Israel, the deal has already affected the Arab-Israeli conflict in a number of senses. To begin with, the DF-3s must be regarded as a potential threat to Israel's security, notwithstanding the Saudi assurances. True, so far Riyadh has behaved cautiously toward Israel, trying to exert a moderating influence on the more radical actors in the conflict. Yet this situation might change for external or internal reasons. A new round of hostilities between Israel and the Arabs with, or even without, a change of government in Riyadh might tempt Saudi Arabia to fire the missiles and tip the scale against Israel once and for all. Inaccurate as they are, these missiles can inflict an intolerable amount of damage primarily, but not only, to civilian centers, just with conventional HE warheads.

The damage they can do with nonconventional warheads is even greater. Again, both the Chinese and the Saudis have consistently reiterated that the DF-3s would not be armed by nuclear warheads (chemical ones have hardly been mentioned). Yet even if the sincerity of these assurances is taken for granted, they reflect still the present circumstances and cannot anticipate political upheavals in the PRC, Saudi Arabia, or the Middle East. Furthermore, now that

⁵ When China's vice-foreign minister Qi Huaiyuan visited Iran in August, following Iran's cease-fire agreement with Iraq, the Iranian Parliament speaker and acting commander-in-chief of the armed forces, Hashemi Rafsanjani, told him that the PRC had been cooperative to Iran during the war and the resulting hardships and is "one of our real friends." IRNA, August 18, 1988, in FBIS-NES, August 19, 1988, p. 37. Prime Minister Musavi said that Iran hoped that China would play its active and just role in fully implementing UN resolution 598. "Iran gives a priority to China-Iran relations." Xinhua, August 19, 1988, in FBIS-CHI, August 19, 1988, p. 18.

the delivery systems have been acquired, nonconventional warheads can be easily obtained elsewhere (perhaps through Pakistan or Libya). Such acquisition would add a dangerously new dimension to the already overloaded and highly explosive Arab-Israeli conflict.⁶

The conflict is bound to be affected in other ways as well. First, the deal created a precedent, giving a green light to other countries involved to acquire similar weapons. Syria is one. Its denials notwithstanding, Damascus has held negotiations with the Chinese for the supply of their newest M-9 missile, planned to become operational in 1989.⁷ Though having a shorter range and a smaller payload, the solid-fuelled M-9 is nevertheless supposed to be more accurate and reliable than the antiquated DF-3. Libya is another. According to Western sources, following the Sino-Saudi deal Qadhafi also approached the PRC for the supply of missiles; he was turned down (for the time being).⁸ With the China option available, even U.S. policy makers might find it ill-advised to turn down Arab requests for arms.⁹ For the same reason, Israel could find it much more difficult to frustrate American arms sales to the Arabs.

Small wonder that the Sino-Saudi deal has caused a good deal of concern among Israeli political and military leaders.¹⁰ As soon as details about the deal were published, the director-general of the Prime Minister's Office indirectly warned that Israel might bomb

⁶ For example, *FEER* reported on April 27, 1989, p. 8, that U.S. officials are investigating a report that Pakistani technicians have been working alongside Chinese counterparts in setting up CSS-2 East Wind missiles in Saudi Arabia. On China's involvement in Pakistan's conventional and nuclear defense system, see Yaacov Vertzberger, *The Enduring Entente: Sino-Pakistani Relations 1960-1980*, The Washington Papers no. 95 (Boulder, Colo.: Praeger, 1983); and especially B. K. Kumar, "Nuclear Nexus between Peking and Islamabad: An Overview of Some Significant Developments," *Issues and Studies* (Taipei) 21:8 (August 1985):140-150.

⁷ On the Sino-Syrian M-9 negotiations see Ihsan A. Hijazi, "Arab Lands Said to Be Turning to China for Arms," *New York Times*, June 25, 1988; David B. Ottaway, "China Missile Sale Report Concerns U.S.," *Washington Post*, June 23, 1988; Jim Mann, "China-Syria Missile Deal Concluded, Officials Say," *Los Angeles Times*, July 14, 1988.

⁸ See, for example, Marie Colvin, "Al-Qadhafi Bids for Missiles," *The Sunday Times*, July 3, 1988, p. 16.

⁹ *International Herald Tribune*, October 22-23, 1988, pp. 1-2.

¹⁰ See Aharon Levran, *Surface-to-Surface Missiles: The Threat to Israel*, Memorandum no. 24 (Tel Aviv: The Jaffe Center for Strategic Studies, Tel Aviv University, July 1988), in Hebrew. See also W. Seth Carus, "Missiles in the Middle East: A New Threat to Stability," *Policy Focus*, Research Memorandum no. 6 (Washington, D.C.: The Washington Institute for Near East Policy, June 1988).

the missile sites, rather than let the threat build up.¹¹ Both Prime Minister Yitzhak Shamir and Vice-Prime Minister and Foreign Minister Shimon Peres expressed their anxiety not only in Israel but also to their American and Soviet hosts during visits abroad. "I do not see this matter only from the point of view of the buyer but also from that of the seller," said Peres and added: "There is a danger that these missiles will spread in the Middle East, that the PRC will offer them to other countries as well."¹²

Although the Chinese insist that the sale of the DF-3s to Saudi Arabia has contributed to greater stability in the Middle East, the contrary might be true.¹³ There are three basic ways to deal with ballistic missiles. The first is deterrence, that is, building up a credible threat of a counterstrike that might be so costly as to preclude the initial use of missiles. There is, however, no way to test deterrence until it is too late. The second is interception. No credible antitactical ballistic missile (ATBM) defense system is known to exist in the Middle East (or elsewhere) presently. One outcome of the introduction of missiles (Chinese and others) into the Middle East is an accelerated program of research and development aimed at developing satisfactory defenses against surface-to-surface missiles. Such development, however, could take years. Therefore, the third way, and so far the most effective one, to deal with these missiles is to destroy them and their launchers while they are still on the ground. Thus, decision makers in countries considered as potential targets might judge it necessary to hit a preemptive strike as soon as the first signs of preparation for launch are monitored—and probably earlier. Israel, for one—because of its small size, concentrated population, civilian and military facilities, and sensitivity to casualties—is painfully vulnerable to missiles, despite its elaborate civil and military protection systems.

It is, therefore, surprising that just as the sale of the PRC missiles to Saudi Arabia has not harmed Sino-Iranian relations, so have the delicately evolving Sino-Israeli relations not suffered a

¹¹ See, for example, David B. Ottaway, "U.S. Tells Israel of Concern, Acts After Threat On Saudi Missiles," *International Herald Tribune*, March 24, 1988, p. 2.

¹² Interview, Jerusalem Domestic Service, May 18, 1988, in FBIS-NES, May 18, 1988, p. 27. See similar comments by Shamir in *ibid.*, pp. 27–28.

¹³ The following discussion is based on my talk at the seminar "Missile Madness: The Introduction of New Defense Technologies into the Middle East," held on April 11, 1989, at the Fletcher School of Law and Diplomacy, Tufts University. See also Carus, "Missiles in the Middle East."

serious setback. On the contrary, in an apparently paradoxical way the Sino-Saudi transaction has been followed by *improved* relations between the PRC and the two potential targets. All sides have had their own motives for improving relations. The PRC perhaps wished to appease and compensate the parties affected, whereas the latter not only wished to exploit China's uneasiness about the IRBMs deal but perhaps realized that little could be gained by alienating the Chinese and much by communicating with them. Whatever the motives, the facts are that by supplying the missiles to the Saudis the PRC has become, willingly or otherwise, an additional partner to the Arab-Israeli conflict—one that, for better or for worse, can no longer be ignored.

CHAPTER EIGHT

Global Implications

Some of the implications of the Sino-Saudi deal go far beyond the bilateral context of Beijing-Riyadh relations and even beyond the regional context of China's role in the Middle East. Evidently, Beijing's missile gamble has also paid globally. Although the Chinese have broken the "rules of the game," circumvented the Intermediate-range Nuclear Forces (INF) Treaty and ignored other multilateral restrictive agreements, and undermined the Soviet-American duopoly in nonconventional weapons, international criticism has been mild, even lenient, and short-lived. Many governments—first and foremost the two superpowers—have practically endorsed China's growing presence in the global arena by their different, or somewhat indifferent, reactions to China's export of conventional and even superconventional arms. In a retrospective view, therefore, the Sino-Saudi missile deal could be considered a crucial breakthrough for the PRC as an upstart and independent superpower.

The American Context

The Sino-Saudi missile deal has affected Washington's international position in a number of ways. First, the deal has created friction in Saudi-American relations. A *Washington Post* report on April 1, 1988, said that King Fahd had asked the United States to recall its ambassador after the ambassador presented an official protest concerning the Saudi acquisition of the Chinese missiles. While Saudi sources firmly denied this report, the fact that the ambassador did indeed leave soon after his appointment could not be denied.¹ Shortly afterward, thirty-one U.S. senators called on the

¹ SPA, April 1, 1988, in FBIS-NES, April 1, 1988, p. 19. Presumably at State Department instructions, Ambassador Horan conveyed to King Fahd Washington's unhappiness and concern about the Saudi decision to obtain the Chinese missiles. Though the Saudi request to replace the ambassador was not specifically linked to

administration to suspend further American arms sales to Saudi Arabia until the PRC missiles be removed. Similar initiatives followed. But the Saudis have not allowed themselves to become intimidated. Reacting to the American accusations, a "responsible" Saudi source underscored the "old and deep-rooted relations" between the two countries, and added:

In this respect, I must refer to the Saudi officials' understanding of the position of U.S. President Ronald Reagan when he was unable to pass the arms deals needed by the Kingdom due to the intransigence of some U.S. congressmen. The Kingdom did not however embarrass him by insisting or pressing him to secure its requests but it immediately turned to other states to purchase the necessary means to defend its security and sanctities in the hope that the U.S. Congress would reconsider its refusal.²

An American request to inspect the Chinese-made missiles to assure they were not equipped with nuclear or chemical payloads was categorically rejected by the Saudi defense minister, Prince Sultan ibn 'Abd al-'Aziz. "They would never be allowed to do it," he stated and went on: "Many people think that we're dependent on the United States for arms, and even say we're subservient to American policy. The acquisition of Chinese missiles proves the opposite."³ In their criticism of the American protests and pressures, the Saudis have been joined by some other Arab countries. They have justified the missile deal not only in itself but also as a precedent to be followed and have blamed the United States for acting on behalf of Israel.⁴

American-Israeli relations have also been affected by the deal. Israel will find it more and more difficult to block future American arms sales to the Arab countries. Representing a growing uneasi-

the Chinese missile dispute, U.S. administration officials said that the "proximate cause" and "focal point" for the Saudi decision to ask for Horan's replacement was the Chinese missile issue. David B. Ottaway, "Saudi King Asks U.S. To Replace Its Envoy," *International Herald Tribune*, April 2-3, 1988, pp. 1, 6. See also *MEED*, March 10, 1989, p. 35.

² SPA, April 13, 1988, in FBIS-NES, April 14, 1988, pp. 28-29. This was in response to a *Washington Post* article of the same day, titled "The Tortoise Becomes Active." See Jim Hoagland, "The Saudis: No Longer The Turtle," *International Herald Tribune*, April 13, 1988, p. 4.

³ An interview with the Lebanese weekly *Al-Sayyad*, quoted by AFP (Paris), April 29, 1988, in FBIS-NES, May 2, 1988, p. 21. See also G. H. Jansen, "Breaking Free," *Middle East International*, April 2, 1988, pp. 11-12.

⁴ For example, *Al-Akhbar*, quoted by MENA, July 17, 1988, in FBIS-NES, July 19, 1988, p. 18.

ness at home, Defense Secretary Frank Carlucci attacked pro-Israeli circles in Washington who oppose military cooperation with the Arab states and thereby cause the United States to lose tens of billions of dollars worth of jobs and invaluable influence to others, among them the PRC and the Soviet Union.⁵

Precisely this has been the main theme of Taipei's criticism of what it regards as Washington's irresolute response to the PRC's arms (and missiles) sales to the Middle East. A *China Post* editorial pointed out that Beijing "is stirring up trouble in the Middle East to counteract the U.S. interests in the region." It urged the United States to reimpose those restrictions on high-tech supplies to the PRC that had been removed earlier on the basis of Chinese promises to stop deliveries of Silkworm missiles to Iran and to warn Beijing not to engage in further arms sales to the Middle East.⁶ Moreover, expressing concern about the implications for the security of Asia (and its own security), Taipei went on to emphasize: "It is high time the United States woke up to the intransigent attitude of the Peking regime and put a stop to U.S. appeasement moves favoring [it]... Otherwise, Peking regime's arms sales [will] endanger not only the Middle East but also the Asian Pacific region." Consequently, the ROC "should be supplied with modern arms and planes to counter the Chinese Communist threats... without further delay."⁷

Allegedly caught off guard, Washington initially reacted to the sale of the Chinese DF-3 IRBMs to Saudi Arabia with restraint—particularly when compared to its louder criticism of the much less important Silkworm deal a few months earlier. During his visit to the United States in March 1988, Chinese Foreign Minister Wu Xueqian was not confronted publicly with the evidence about the Saudi deal, evidence already at hand. Unable (or unwilling) to abort the deal, Washington has repeatedly urged the PRC not to supply IRBMs to additional customers, particularly in the Middle East. But Beijing has refused to commit itself. Based on the failure of its vociferous attempts to pressure the Chinese to stop

⁵ Molly Moore and David B. Ottaway, "Carlucci Rebukes Foes of Arms Sales to Arabs," *International Herald Tribune* (London), October 22–23, 1988, pp. 1–2.

⁶ Editorial, "Chinese Communist Arms Sales to Saudi Arabia," *China Post*, April 6, 1988, p. 4, in FBIS-CHI, April 14, 1988, p. 84.

⁷ Editorial, "Communist China's Arms Deals," *China Post*, May 18, 1988, p. 4, in FBIS-CHI, May 31, 1988, p. 54. See also Taipei International Service, July 18, 1988, in FBIS-CHI, July 18, 1988, pp. 72–73.

their arms deliveries to Iran, Washington must have realized that quiet quid pro quo diplomacy could be more effective.

This was the message Secretary of State George Shultz tried to deliver during his visit to Beijing in mid-July 1988. "Obviously, we all regard this problem of ballistic missile proliferation as an important problem," he declared, "and I think the way to try to get at it with the Chinese is on the kind of constructive plane that we talked about." His approach, however, did not appear to have been immediately successful. Qian Qichen, the new PRC foreign minister, did not reply to Shultz's proposal to authorize more intensive discussions with the United States on the spread of IRBMs. Instead, the Chinese stated that no missile sales had been made to any country other than Saudi Arabia.⁸

The PRC appeared to have been more forthcoming during Secretary of Defense Frank C. Carlucci's visit to Beijing in early September 1988. Ostensibly, Carlucci was given nothing more than Shultz had been given a couple of months earlier, yet he was much more reassured because his request was cushioned by a big carrot: an approval of the launching of U.S.-made satellites aboard Chinese Long-March rockets as well as readiness to consider the sale of U.S. military equipment, including Chinook helicopters, antisubmarine torpedoes, and radar systems to Beijing. Following the visit, Carlucci said he felt satisfied that China would behave in a "thoroughly responsible way" in its weapon sales to foreign countries and would not be selling IRBMs to Middle East nations (i.e., Syria) beyond those already sold to Riyadh. Nonetheless, the assurances he had been given were described as "ambiguous."⁹ Indeed, reports in early 1989 said that the PRC again offered to sell Silkworm missiles to Iran (and was assisting the Iranians in their missile development program) despite earlier promises to put an end to such activities.¹⁰

Apparently, by the time President George Bush visited China, in March 1989, the Chinese had made a distinction between different

⁸ Russell Dybvik, "Chinese Assure U.S. about Mideast Missile Sales," *News Report* (Washington, D.C.: U.S. Information Service, July 18, 1988), p. 2; *International Herald Tribune*, July 16-17, 1988, p. 2.

⁹ "Beijing Cool on Missiles," *International Herald Tribune*, September 7, 1988, p. 7; "Talks in China on Arms Leave Carlucci Satisfied," *ibid.*, September 8, 1988, pp. 1, 2. See also Nayan Chanda, "The End of an Era: Bilateral Irritants Emerge in Sino-US Ties," *FEER*, September 8, 1988, p. 24, and *FEER*, September 29, 1988, pp. 28-29; William Safire, "Those Chinese Missiles," *New York Times*, February 23, 1989.

¹⁰ See, for example, the *Los Angeles Times*, February 14, 1989.

types of missiles in their arms sales policy. According to a senior U.S. official, Premier Li Peng told Bush, in the most explicit and forthright statement on the subject hitherto, that China had not sold any IRBMs following the signing of the INF treaty between the United States and the USSR in December 1987 (reportedly, the Saudi deal had been concluded in 1985) and would not sell any more. Yet, while promising that the Saudi sale would not be repeated, Li *did not* tell Bush that China would foreswear further sales of Silkworm missiles or short-range missiles (such as the new M-9 or the SS versions of the SA HQ-2). The judgment of a number of White House officials is that these sales are likely to continue.¹¹

In sum, by making promises (similar to those they have broken in the past) the Chinese have managed to go on receiving much-needed technological and military concessions from the United States. The issue here is not whether the Chinese will keep their word and decline to supply IRBMs. The issue is that through the Sino-Saudi missile deal Washington has had to come to terms with the effects of the PRC's increasing role in world affairs. A senior U.S. defense official who accompanied Carlucci indeed admitted that the United States recognized China's right to have an overseas arms sales program, but he went on to say that "we do think that missiles fall into a special category."¹² By the time this qualified recognition was given, Washington's relations with *all* parties involved had been somewhat eroded—something that cannot be said about Moscow's.

The Soviet Context

Moscow, which in the past had avoided any comment on Chinese arms sales, not only to the Middle East but also to Southeast Asia, responded to the Saudi acquisition of PRC-made missiles in a disillusioned way. Soviet commentators reiterated the Saudis' arguments that the DF-3 missiles are not directed against Israel but had been acquired for defense purposes only, in view of the Iranian threat. Their potential threat against Soviet territory has been initially ignored.¹³ To underscore the Soviet position, a

¹¹ Don Oberdorfer, "China, Soviet Set to Repair Party Breach," *Washington Post*, March 7, 1989. China can still use a third party, or help produce the missiles locally.

¹² See note 9 above.

¹³ Igor Belayev, *Literaturnaya Gazeta*, April 6, 1988, p. 9, and Pavel Demchenko, *Pravda*, April 5, 1988, p. 5. See also *Izvestiya*, March 30, 1988, p. 4, in FBIS-SOV,

Foreign Ministry spokesman was quoted saying:

The Soviet Union has always opposed the international and regional arms race. At the same time, under the conditions where there is no actual progress in mediating the Arab-Israeli conflict and the war between Iran and Iraq is continuing, it is understandable that countries in the region wish to strengthen their defensive capabilities. The Soviet ministry spokesman emphatically pointed out that this is the sovereign right of these countries.¹⁴

Although the PRC was not mentioned in this statement, its contents and the fact that it was broadcast in Mandarin could be interpreted as a recognition and, moreover, as a legitimization of China's new role in world affairs in general and Middle Eastern in particular.

This unexpected manifestation of Soviet goodwill toward the PRC has probably been governed by the following considerations. First, it conformed to Moscow's effort, underscored since the emergence of Mikhail Gorbachev, to improve relations with Beijing. Second, the DF-3 deal has created additional sources of friction in Saudi-American relations, thereby weakening Washington's stand in the Middle East not only militarily but also politically. Third, the DF-3 deal has paved the ground for the resumption of Soviet-Saudi relations: it is inconceivable that Riyadh would establish official relations with Beijing while rejecting similar ties with Moscow. Signs to this effect indeed emerged in the summer of 1988. Some sources suggested that Soviet-Saudi diplomatic relations would be resumed sometime in 1989, following the Soviet withdrawal from Afghanistan in February.¹⁵

Still, while being careful not to criticize the PRC, the Soviet Union began to reveal some uneasiness about the spread of missiles into the Middle East, not only because some of them can hit Soviet territory but also because they might lead to an escalation beyond the control of the two superpowers. Also, the Soviets are trying to upgrade their military relations with prospective customers of

April 1, 1988, p. 25. I am grateful to Ms. Brenda Shaffer for bringing these comments to my attention.

¹⁴ Moscow International Service in Mandarin, April 13, 1988, in FBIS-SOV, April 13, 1988, p. 18. A similar comment was made by Gennadiy Gerasimov, head of the Information Directorate of the Soviet Foreign Ministry. TASS in Russian, March 31, 1988, in BBC, *SWB-SU/0116/A1/2*, April 4, 1988.

¹⁵ On forthcoming Soviet-Saudi relations see, for example, the Abu Dhabi daily *Al-Ittihad*, August 4, 1988, quoted by KUNA, August 4, 1988, in FBIS-NES, August 4, 1988, p. 31. See also AP (Bahrain), April 18, 1989.

Chinese arms, notably Syria and Libya.¹⁶ As far as missiles are concerned (such as the SS-23 requested by Syria), however, Moscow's hands are tied by the INF treaty and other understandings. In this respect the Soviets probably realize that little can be done about China's missile deals—or any other arms deal. Thus, sooner and better than Washington, Moscow has accommodated to Beijing's new international role.

¹⁶ *New York Times*, March 25, 1989; *Al-Usbu' al-'Arabi*, March 1989.

Conclusion

By early 1989, precisely ten years after the PRC started to open its doors to the outside world, Beijing-Riyadh relations had improved considerably. A great part of this achievement should be attributed to repeated Chinese efforts to find the right ways for winning Saudi recognition. These ways—Islam, trade, investments, arms sales, and quiet diplomacy—gradually paved the way for the forthcoming official relations. But the Chinese have played only a part in this game. A role no less important has been performed by the Saudis themselves. Especially since the accession of King Fahd in 1982, Saudi Arabia has been adopting a more active foreign policy in an attempt to become an independent player in the Middle East, the Islamic world, and beyond. This policy calls for diminishing the Saudi dependence on Washington and, at the same time, resuming relations with Moscow. Gorbachev's reforms and the innovations in Soviet domestic affairs and international behavior have undoubtedly contributed to Riyadh's unprecedented flexibility and greater willingness to participate in world politics.

It is within this framework that the positive Saudi response to the Chinese initiatives should be interpreted. In justifying the agreement to establish commercial offices in each other's capitals, the Saudis mentioned that the PRC is a regional power with a large population (including Muslims) and with a considerable industrial and agricultural infrastructure. Furthermore, it has been promoting peace and security without interfering in the internal affairs of other countries. The two countries share the same ideals, said the Saudis: "China is not a nation that can be dismissed perfunctorily with a yawn... Saudi Arabia realizes this reality and hence this step [the agreement on commercial offices] toward normalizing relations between the two nations."¹

¹ Editorial, *Riyadh Daily*, November 13, 1988.

Appendix

The Saudi View of Relations with the PRC (Excerpts)

The Saudi view of Sino-Saudi relations was set forth in an editorial, "We and Beijing," in *Al-'Ukaz*, November 14, 1988, p. 2 (in FBIS-NES, November 17, 1988, p. 17). Excerpts follow.

Any attempt by observers to understand the dimensions of the agreement between the Kingdom and the PRC to set up offices of trade representation in the two capitals must not be made in isolation from the following facts:

First, the step is not new; it is in fact an extension of deep-rooted trade and economic relations between the peoples of the Kingdom and the PRC. Therefore, the memorandum of understanding is an embodiment of growing interests between the two countries, which require an organized, practical formula—common among other states of the world.

Second, international and regional changes and the prevailing mood in international relations have crystallized that formula according to the principle of exchanging interests on a larger scale among the world's states, first and foremost on an economic and trade basis.

Third, the major change that has occurred in Chinese conditions has helped encourage the world's states to deal and cooperate with the PRC. This is because the changes have helped build bridges of confidence and cooperation on a clear basis, whereby economic interests are separate from ideologies. This is because the PRC itself has been convinced of the need to reconsider past experiments and change the nature of its relations with other states. It has practically and constantly emphasized respect for and commitment to the principle of equal and positive cooperation with others on sound and clear terms.

Fourth, the Saudi Arabian Kingdom's policy gives precedence to [principles] over interests. In its relations with other states the

Kingdom proceeds from the principle of cooperation with all the world's states on the basis of mutual respect and noninterference in other's internal affairs and the principle of not taking any step at another party's expense, regardless of the volume of interest generated by any kind of cooperation with any other party in the world.

Fifth, the Kingdom does not rush matters. Nor does it seek any form of dialogue, cooperation, understanding, or coordination with other states without being convinced that such cooperation would not only serve both countries, but also encourage more cooperation with other states, ease tension, and assist integration on the basis of coexistence in order to focus on building and development, instead of perpetuating force and escalating fears at the expense of the peoples' prosperity.

Sixth, the Kingdom spares no efforts in exploiting every available channel to perform reconciliatory roles among the states at all levels in order to establish a stable international community and maximum security and stability for the world's peoples.

In its political policy the Kingdom pursues the paths of peace and love—paths that perpetuate international cooperation on the basis of absolute confidence and common interest. This is because the Saudi Arabian Kingdom, which has in recent years encountered a number of active initiatives and contacts by others, realizes that its regional and international responsibility requires it to perform major positive roles beyond the confines of the region in order to take part in resolving the issues of peace, coexistence, and stability in the world. . . .

For all these reasons, the document of understanding signed between the Kingdom and the PRC can be seen as a positive, constructive, natural step in light of the considerations mentioned and the preceding objective assessment. . . .