

Biden administration agrees arms sales to Riyadh and Abu Dhabi to counter China's growing influence

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Just a few weeks after US President Joe Biden's visit to Saudi Arabia, aimed at shoring up relations with the murderous regime, his administration has approved two massive arms sales worth more than \$5 billion to Saudi Arabia and the United Arab Emirates (UAE). It follows \$650 million in air-to-air missiles sent to Riyadh in November 2021 for its criminal war against the civilian population in Yemen.

Included in the sales are Patriot missiles costing \$3 billion for Saudi Arabia and a high-altitude missile system costing \$2.2 billion for the UAE aimed at protecting the venal petromonarchs from rocket attacks by Yemen's Houthi-led rebel movement.

The US State Department, seeking Congress's approval for the deal, said the proposed sale would "support the foreign policy and national security of the United States by helping to improve the security of an important regional partner. The UAE is a vital US partner for political stability and economic progress in the Middle East."

Biden had pledged during his election campaign to treat Saudi Arabia as a "pariah state" due to its appalling human rights record and Crown Prince Mohammed bin Salman's signing off on Saudi insider turned dissident Jamal Khashoggi's gruesome assassination in 2018. He also promised to cut off or cut back on the sale of "offensive" weapons to both Saudi Arabia and the UAE, citing their attacks on civilians in Yemen. But this has counted for nothing next to the more pressing needs of Washington's geostrategic interests.

Last month, Reuters reported that the Biden administration was discussing lifting the ban on US sales of offensive weapons to Saudi Arabia.

Ever since Saudi and the UAE-led coalition invaded Yemen in April 2015, international human rights groups—including the New York-based Human Rights Watch and the London-based Campaign Against the Arms Trade—have documented the coalition's use of US and UK

weapons in unlawful airstrikes, including undoubted war crimes, breaching Washington and London's own policies on arms sales. These two imperialist warmongers, which lose no opportunity to justify their bellicosity in the name of human rights, have also provided the Saudis and Emiratis with political and diplomatic cover at the UN, even as their blockade of the impoverished country has put millions at risk of famine.

The *Guardian* reported that the Biden administration is also exploring the setting up of a new international committee to document and report on human rights violations in Yemen that would include representatives from the Saudi and UAE puppet government in the country. An intensive lobbying campaign by Riyadh put a stop to an earlier United Nations Human Rights Council investigation into possible war crimes. One can only imagine the uproar that would follow if President Vladimir Putin were to be included in a panel to investigate Russian war crimes in Ukraine.

The political reasons Washington supports two of the most repressive regimes on the planet are clear. They are a key market for US arms and play a vital role on behalf of US imperialism in suppressing the working class in Saudi Arabia, the Gulf and throughout the region and supporting Washington's domination in the resource-rich Middle East. They have allied with Israel in a US-led anti-Iranian axis that threatens to push the region into another catastrophic war.

The economic reasons are less well-known. As the US became increasingly self-sufficient in oil, the petromonarchs turned elsewhere for customers. By 2020, the Gulf countries were supplying 40 percent of China's oil imports, with 16 percent of that coming from Saudi Arabia. The Kingdom's trade with China has soared from \$3 billion in 2000 to \$67 billion in 2021, while its trade with the US rose from \$20.5 billion to \$24.8 billion in the same period. While much has been made of China's 25-year \$400 billion trade

and investment agreement with Iran, even if it were actualized at some \$16 billion a year this is still much less than Beijing's trade with Riyadh.

Merchandise trade between the Middle East and China has increased significantly, totaling \$272 billion in 2020. Furthermore, despite heavy pressure from Washington, no Middle Eastern country has banned the Chinese telecom giant Huawei's 5G networks. Beijing is now the largest single regional investor and trading partner of 11 countries in the Middle East. Its Belt and Road Initiative (BRI), aimed at placing China at the centre of global trade, is the basis of agreements with 21 countries in the region.

Algeria, Egypt, Iran, Saudi Arabia and the UAE all have "comprehensive strategic partnerships" with China, while Iraq, Jordan, Morocco, Oman and Qatar are "strategic partners." Turkey has a "strategic cooperative relationship and Israel a "comprehensive innovation partnership" with China. Tel Aviv's extensive links with China's defence technology has on occasions put it at odds with Washington.

A critical element in China's BRI has been its development and expansion of ports and industrial parks in Egypt, Oman, Saudi Arabia, the UAE and Djibouti, China's only overseas military base, to secure its shipment of goods to Africa, Europe and beyond.

Of even greater significance are the talks, reported in the *Wall Street Journal* last March, between Beijing and Riyadh over pricing some oil sales to China in yuan. Such a move that would undermine the dollar's role in the global petroleum market. Under a 1970s agreement between the US and Saudi Arabia, all oil sales anywhere in the world are conducted in dollars, recycled back to the US and to a lesser extent Britain as sovereign reserve holdings in return for military support and security.

The petrodollar system has underpinned the US financial system, allowing it to finance its soaring debts—the US is the world's largest debtor nation—and the dollar's status as the world's reserve currency. While the US accounts for around 20 percent of global GDP, nearly 90 percent of international currency transactions and 60 percent of foreign exchange reserves are in dollars.

But foreign investment no longer finances US debt to the same extent as it once did. Since the 2008 financial crisis and more recently the pandemic crisis, the Federal Reserve has sought to protect financial markets with quantitative easing and bought up US debt itself. As a result, foreign central banks' and foreign investors' holdings of US Treasury bonds as a proportion of total US public debt have fallen by about 50 percent.

The prospect of Riyadh accepting payment in yuan is totally unacceptable to Washington. It would further and significantly undermine the dollar-based system, following

on from Russia and Iran's attempts to strike payments in different currencies under the pressure of US sanctions. Iraq's efforts to avoid sanctions by selling its oil for euros was one of the factors that led the Bush administration to declare war on Iraq in 2003, despite opposition from the European powers.

Biden declared quite openly that his trip to Saudi Arabia last month was to bolster America's position in the region, which had waned under his watch, against its rivals: "I want to make clear that we can continue to lead in the region and not create a vacuum, a vacuum that is filled by China and/or Russia."

Relations with the Gulf states began to cool after President Barack Obama's refusal to back Egypt's President Hosni Mubarak during the mass protests that were to bring down his government in 2011 and threaten Saudi clients in Bahrain and Yemen. They became more strained after Washington signed the 2015 nuclear accords with Iran—whom Riyadh and Abu Dhabi accuse of supporting the Houthi rebels who ousted Riyadh's puppet government in Yemen in 2015—and did little to counter the Houthis' missile attacks.

Russia's successful thwarting of the attempted overthrow of Syria's President Bashar al-Assad, orchestrated by Washington and heavily backed by Riyadh in particular, and of the US-organised coup against Turkey's President Recep Tayyip Erdogan have also caused disquiet.

Biden's billion-dollar arms sales are intended as a down payment on a renewed partnership. They were announced as China's President Xi Jinping prepares to visit Saudi Arabia as early as this week—his first overseas visit since the COVID pandemic—where he is expected to be given an extravagant welcome, in contrast to its low-key reception of Biden in July. They follow shortly after Saudi Arabia's state-owned oil company Aramco signed a memorandum of understanding with China's state-owned Sinopec for cooperation in areas, including "carbon capture and hydrogen processes."



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