

Trump's Gulf visit sends message to China: "Back off. The Middle East is ours"

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President Donald Trump's first major overseas visit this month was to the Gulf despots, not his erstwhile allies Europe or Japan. It was aimed at countering China's growing economic influence in the Middle East and reasserting the US as the dominant external economic and political power in the oil-rich and geostrategically critical Middle East.

Trump took with him to the US-Saudi Investment Forum, which was hosting the trip his backers in the oligarchy, including Elon Musk, the CEOs of high-tech corporations—Open AI, IBM, Amazon, Palantir and Boeing—as well as various bankers and billionaires looking for Gulf deals. It followed his decision to lift restrictions on the export of advanced semiconductor chips to the region.

Trump said that his purpose was to seek cooperation based "on commerce, not chaos." He would focus on economic cooperation to attract more high-tech manufacturing to the US. Above all, he would ensure the Gulf monarchs partnered with the US not China in developing artificial intelligence (AI) and other technology infrastructure as they sought—via Saudi Arabia's Vision 2030 and the United Arab Emirates' (UAE) \$300 billion industrial strategy—to move away from hydrocarbon dependency.

Trump made clear that relations were not dependent on reforming their political systems or improving their human rights records, signalling that there would be no criticism of their crackdown on and execution of dissenters. This was a nod to Saudi Arabia, whose de facto ruler Crown Prince Mohammad bin Salman had been formally ostracized by the first Trump administration for his role in the killing of dissident Saudi journalist Jamal Khashoggi at the Saudi consulate in Istanbul in 2018.

Trump also dropped demands that Saudi Arabia normalise ties with Israel, indicating that he was preparing to reach a deal to build a nuclear power plant in the country. This would be a major concession, as the Biden administration had made civil nuclear cooperation and a defence treaty with Washington dependent upon normalisation.

The fascist president's four-day trip to the Gulf came in the wake of his signing off on and financing of the plans of Israeli Prime Minister Benjamin Netanyahu—his first visitor to the White House—for the "final solution" of the ethnic cleansing of Palestinians in Gaza, as part of Trump's broader plans for a "New Middle East." He barely even mentioned the war in Gaza, to the political satisfaction of his hosts. Rumours of a meeting between Trump and Palestinian Authority President Mahmoud Abbas turned out to be false.

Trump's aim is to stoke fear into potential allies and opponents of US imperialism alike and demonstrate that they too will face a war of obliteration like Gaza if they stand in the way of Washington's bid to control the world's markets and essential resources.

The Gulf States' growing economic and security links with China

Over the last 15 years, Beijing has moved from being a peripheral figure in the region to taking most of the Gulf's crude oil. China is now the region's most important trading and investment partner.

Not only have the exports of the Gulf Cooperation Council-GCC (Saudi Arabia, Bahrain, Kuwait, UAE, Qatar and Oman) to the US declined, but imports come largely from China. Sales of US weaponry, once a major Gulf import, have become bogged down with restrictions on use, cancellations, sanctions and export bans, while others such as air defence systems and fighter jets are grossly overpriced.

Washington's security shield has also proved ineffective. The US failed to back Egyptian dictator Hosni Mubarak in the face of the revolutionary upsurge that brought down his government in 2011 and threatened Saudi clients in Bahrain and Yemen. It took no action to defend Saudi Arabia's oil installations in September 2019, when they came under attack from the Houthis who control north Yemen and ended its support for the Saudi/UAE war against the Houthis in Yemen. The Houthis' ability to disrupt shipping in the Red Sea has continued, despite repeated airstrikes at a cost of more than \$1 billion by the US, UK and Israel.

At the same time, Washington's threats against Iran cut across the Gulf monarchies' efforts to secure a rapprochement with Tehran and avoid a ruinous war in which their territories, waterways, and economies would become battlegrounds. Qatar has refused to allow the US to strike Iran from its territory, which hosts the largest US base in the Middle East at Al Udeid, with some 10,000 soldiers, while Saudi Arabia, the UAE, Bahrain and Kuwait have relayed similar messages to Washington.

The GCC has not only upped its trade with China, supplying half its oil needs, but also signed extensive investment deals for both upstream and downstream oil activities as well as manufacturing and infrastructure networks, under Beijing's Belt and Road Initiative (BRI). It has turned to Beijing, alongside the giant US corporations Microsoft and OpenAI, for help digitising its economies—under China's Digital Silk Road, the BRI's technology pillar—which is projected to contribute up to \$255 billion to the GCC's GDP and generate 600,000 tech-sector jobs by 2030.

Fearing that US research, technology and facilities could end up benefiting China—as well as crowding out investment in America's own AI infrastructure, the Biden administration restricted the sale of Nvidia semiconductors to the Gulf states and forced a Saudi venture capital fund to sell its stake in a US AI startup company and a leading UAE AI company to cut its ties with China. It imposed such onerous conditions on the \$23 billion sale of its F-35 fighter jets and Reaper drones to the UAE that Abu Dhabi suspended negotiations, weakening one of America's most advanced regional defence partnerships.

The GCC turned to China to purchase weaponry, including ballistic missiles, drones and counter-terrorist equipment and collaborated with Chinese companies to develop and establish their own arms industries, in part at least to strengthen their bargaining position with US imperialism. In 2021-22, the Gulf countries joined the Shanghai Cooperation Organisation (SCO), established in 2001 by China and Russia as a

counterweight to the US in Eurasia. In August 2023, Saudi Arabia, the UAE and Egypt joined the BRICS group of countries that have discussed the use of China's currency in trade, including pricing some oil sales to China in yuan, a move that would undermine the dollar's role in the global oil market and as a reserve currency.

Trump's tariff wars

While Trump's tariffs will have little direct effect on the Gulf as oil exports are exempt, the indirect effects are significant.

Punitive tariffs on China's exports to the US are expected to have a devastating economic impact, depressing production, trade and demand for oil, the Gulf's chief export. The price of oil has already sunk to around \$60 a barrel, far below the \$90 a barrel needed to keep public finances afloat. Riyadh could see its budget deficit soar to \$67 billion this year, forcing the government to make huge cutbacks in investment projects aimed at weaning the economy off oil and to borrow from the global bond markets.

Gulf logistics hubs such as the UAE's ports that have linked Chinese suppliers to Western markets are likely to suffer as world trade declines and trade routes, supply chains and regulations change, and the US forces the UAE to crack down on Chinese trans-shipments.

Trump's economic deals in the Gulf

Trump boasted of signing the largest defence deal in history, with Saudi Arabia committing to buying arms worth \$142 billion. It is, however, unclear how realistic this will prove to be given this is almost twice Riyadh's \$78 defence budget and its finances are under strain from low oil prices. There were also Memorandums of Understanding (MOU) for energy deals, including with Saudi's Aramco, for about \$80 billion worth of partnerships with US companies, and a Saudi commitment to invest \$600 billion in the US.

Several US tech firms announced deals on AI funding worth tens of billions of dollars, including Nvidia's agreement to sell hundreds of thousands of high-end chips to Humain, a state-backed Saudi AI venture, with chip designer Advanced Micro Devices (AMD) and chipmaker Qualcomm making similar commitments. Humain said it would partner with Amazon Web Services to build a \$5 billion "AI Zone" in the kingdom.

Also under discussion were the Saudis' plans for nuclear power that the Biden administration had also made conditional on normalising diplomatic relations with Israel. This implies that Riyadh may have given commitments to use US companies and American-made materials to build future reactors, as well as deals to supply Saudi-produced critical minerals to US customers.

In Doha, Qatar Airways placed a \$96 billion order for 160 Boeing Jets, the largest Boeing has ever received. Qatar signed a statement of intent for more than \$38 billion in future defence investments, as part of more than \$243 billion worth of deals there. The US for its part is to spend \$10 billion on its Al Udeid military base in Qatar, its largest in the region.

One of the most significant deals was with the UAE, announced by Trump as worth more than \$200 billion, along with an agreement to expand cooperation on AI, including building the largest AI campus outside the US to be run by the state-backed firm G42 and allowing Nvidia to sell 500,000 AI chips a year to UAE companies that have cut

links with China. This will allow the UAE to surpass Elon Musk's Colossus data centre in Tennessee that currently has 200,000 high-end chips on site and possibly even outstrip the US-based Stargate project, the joint venture between OpenAI and SoftBank, by 2030.

It is believed that 80 percent of the chips to be sold to the UAE will be used in data centres operated by American corporations. Nevertheless, fears persist that at least some of the chips will end up in China. These deals allow Nvidia to sell more chips and American cloud computing companies to access capital, land and power to build AI clusters across the region. In return, the Gulf countries are expected to expand their investment in the AI sector in the US.

The White House claims that the UAE, Qatar and Saudi Arabia will invest \$1.4 trillion, \$1.2 trillion and \$600 billion respectively across all sectors, including technology over the next decade. It is highly unlikely, given the present low price of oil, that UAE and Qatar will invest anything near such vast sums that far exceed their GDP and almost half of GDP in Saudi Arabia's case.

Trump seeks to bring Syria and Iran under US control

While in Riyadh, Trump held a 30-minute meeting with Syria's self-declared president Ahmed al-Sharaa—the jihadist leader of al-Qaeda offshoot Hayat Tahrir al-Sham (HTS)—who once had a \$10 million US bounty on his head. Trump praised him as a "Young, attractive guy. Tough guy, you know. Strong past—very strong past. A fighter."

In a move aimed at pleasing his Gulf allies and Turkish President Recep Tayyip Erdogan, who had backed HTS and similar Jihadi groups they view as a bulwark against Iran's return to influence in Syria, Trump announced that he would lift US sanctions on Syria's new government to give the country "a chance at peace." His audience gave him a standing ovation.

The end of US sanctions will enable Syria to be integrated, along with Lebanon where Israel's massive aerial bombardment of Hezbollah strongholds, weaponry and personnel has eroded the group's power, into the Gulf's sphere of economic and political influence. Nevertheless, the sanctions imposed by Congress under the Caesar Act are likely to prove harder to remove than those imposed by executive orders.

In return, Trump called for al-Sharaa to recognize Israel diplomatically, expel foreign militants, deport radical Palestinian groups, and assist in keeping Islamic State (IS) at bay. He asked the Syrian government to "assume responsibility" for over a dozen detention centres, run by US-backed Kurdish forces, that are holding some 9,000 alleged IS members, signalling the possibility of a full American military withdrawal from Syria. He has called for Syria—along with Libya—to accept Palestinians ethnically cleansed by Israel from Gaza.

Trump made clear to his Gulf allies that he wants "to do a deal" with Iran over its nuclear programme and avoid a war. Speaking in Saudi Arabia last week, he said, "I want to make a deal with Iran. If I can make a deal with Iran, I'll be very happy, if we're going to make your region and the world a safer place."

Oman is acting as an intermediary in the talks between the US and Iran in Rome that have been accompanied by a resumption of Trump's "maximum pressure" on the bourgeois-clerical regime in Tehran to compel it to abandon its nuclear programme and accept a Middle East dominated by Washington. Trump has threatened military strikes if Tehran refuses to agree a deal.

Iran has insisted it would be willing to stop enrichment at the higher levels used for nuclear weapons—which exceed the requirements for civilian use, and scrap its large stockpile of highly enriched uranium—but

would continue to enrich up to 3 percent, as allowed under international rules, for civilian purposes including nuclear power. This would be a return to what Iran agreed to in the multilateral agreement reached in 2015 in return for relief from crippling economic sanctions, which Trump unilaterally abandoned in 2018.

This served to push Iran into China's orbit, something Washington is determined to reverse. US imperialism has no intention of allowing Beijing to extend its influence in the Middle East or anywhere else and will not hesitate to use all means at its disposal, to prevent this.

It has used the Arab regimes' de facto support for Israel's annihilation of the Palestinians in Gaza as the basis for an expanding war against Iran's allies in Lebanon, Syria and Yemen.



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