

Chinese business & finance

Saudi Arabia sends top delegation to China's 'Summer Davos'

World's second-largest economy deepens co-operation with Middle East



Relations between Saudi Arabia and China were strengthened by a state visit to the kingdom by Chinese president Xi Jinping, left, in December. Saudi Arabia is China's biggest oil supplier, and China is the kingdom's top trading partner © Saudi Press Agency/Reuters

Cheng Leng in Hong Kong, **Joe Leahy** in Beijing and **Samer Al-Atrush** in Dubai
YESTERDAY

Saudi Arabia will send one of the biggest official delegations to this week's "Summer Davos" in China, as Beijing deepens co-operation with the Middle East to reboot the world's second-largest economy after three years of Covid-19 lockdowns.

The attendance of the 24-strong delegation, which will include six ministers and vice-ministers, at the first in-person [World Economic Forum](#) event in China in three years comes as the two countries seek alternative investment partners to the west.

[Saudi Arabia](#)'s delegation at the Annual Meeting of the New Champions, which will be held in the northeastern port city of Tianjin and is colloquially known as the Summer Davos, will be led by economy and planning minister Faisal Alibrahim and communications and information technology minister Abdullah Alswaha.

Saudi Arabia is [China](#)'s biggest oil supplier, and China is the kingdom's top trading partner, with bilateral trade of \$116bn in 2022, up from \$87bn the previous year. Saudi Arabia is keen to receive Chinese help to diversify its economy and wants investments beyond the traditional oil, refining and telecommunications sectors, in industries ranging from steel to internet platforms, gaming and tourism.

"Given the large size of the Arabian market, especially Saudi, this cross-border

investment trend can . . . benefit Chinese companies tremendously,” said Winston Ma, a law school adjunct professor at New York University and a former managing director of Chinese sovereign fund China Investment Corporation.

Kicking off on Tuesday with a speech from Premier Li Qiang, China's second-ranked politician after President Xi Jinping, the WEF meeting comes as [China's economy](#) is struggling to stage a robust recovery from Covid. Beijing is also wrestling with rising tension with the US over Taiwan, Washington's export controls on high-technology goods and the Ukraine war, which is weighing on investor confidence, analysts said.

Riyadh is keen to look beyond its traditional partnership with the west and strengthen commerce with Asia, especially China. Some of the country's biggest companies, such as PetroChina and telecommunications group Huawei, are already present in Saudi Arabia. Relations with China were strengthened by a [state visit to the kingdom](#) by Xi in December.

Saudi Crown Prince Mohammed bin Salman wants to diversify the country's oil-dominated economy to areas such as health, infrastructure, the digital economy and tourism under a programme known as Vision 2030.

Under the programme, China's largest steelmaker Baowu Steel in May revealed a plan to pay \$437.5mn for a 50 per cent stake in a joint venture with Saudi Aramco and the sovereign [Public Investment Fund](#).

In other bilateral investments, Saudi Arabia's investment ministry in April invited Chinese theme park operator Haichang Ocean Park to invest in a new facility in the country while Chinese genetics company BGI opened a testing lab in Riyadh this month.

J&T Express, a Chinese-backed parcel delivery group that expanded into Riyadh a year ago, has grown rapidly and is filing for a listing of up to \$1bn in Hong Kong this month.

Jessica Wong, managing partner at eWTP Arabia Capital, one of Saudi Arabia's largest private equity funds, said the kingdom was seeking greater “localisation” of digital and infrastructure services than what had been offered by the western companies.

“In each segment, western companies have a market share of 80 to 90 per cent, but they all ignored localisation,” Wong told the Financial Times. “The market wants someone who respects their user habits and doesn't always demand a high premium.”

Focusing on localising Chinese digital services in Saudi Arabia, Wong's funds raised \$400mn in 2019, \$300mn of which came from the Public Investment Fund. A second round of fundraising is likely to close at \$1bn by the end of this year.

Sensing the potential growth, Chinese entrepreneurs flocked to an Arab-China business forum this month. Half of the Chinese attendees were visiting Riyadh for the first time, according to fellow attendees.

Official visits of delegations from Chinese cities such as Beijing and Xiamen are also booming. "We are witnessing the honeymoon period of [the] China-Saudi relationship," said one of the conference attendees.

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