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THE PROBLEM OF ENERGY SECURITY IN THE PRC FOREIGN POLICY

The article is devoted to the actual problem of ensuring the energy security of the PRC. In particular, China’s energy policy is being explored in the context of a significant increase in the role of energy resources in the world. The issue of implementing the energy policy in the light of national interest remains relevant for many countries in the world. For the People’s Republic of China, the energy factor becomes an important part of the state’s economic security, as the country imports more than 40% of the necessary energy resources. China’s energy strategy consists of the following tasks: maintaining low prices for oil and gas raw materials, ensuring stable oil supplies to China from abroad, developing domestic oil production and scientific knowledge of energy resources. In general, two components of China’s energy policy can be identified: the internal aspect is the containment of demand for energy resources within the country in order to reduce dependence on exporting countries; external aspect – strengthening of relations with the countries-suppliers of hydro carbonic raw materials. China, as one of the largest energy consumers, is currently heavily intertwined with the outside world. This situation of the country can not but have an impact on the development of the world economy. Therefore, due to its growing position, despite the slowdown in the growth of the economy, the Chinese leadership is trying to implement the country’s energy policy as efficiently as possible, taking into account national interests.

The article also discusses the topic of China’s multilateral relations with energy supplying countries in the conditions of the current global conjuncture.

Key words: energy resources, energy strategy, economy, importing country, exporting country, national interest, energy security.
Туғын сөздер: энергетикалық шикізат, энергетикалық стратегия, экономика, импорттаушы-елдер, экспорттаушы-елдер, ұлттық мүдде, энергетикалық қауіпсіздік.

Проблема энергетической безопасности во внешней политике КНР

Статья посвящена актуальной на сегодняшний день проблеме обеспечения энергетической безопасности КНР. В частности, исследуется энергетическая политика Китая в контексте существенного возрастания роли энергоресурсов в мире. Вопрос о реализации энергетической политики с учетом национального интереса остается актуальным для многих стран мира. Для Китайской Народной Республики энергетический фактор становится важнейшей частью экономической безопасности государства, поскольку страна импортирует более 40% необходимых энергетических ресурсов. Энергетическая стратегия Китая состоит из следующих задач: сохранение низких цен на нефтегазовое сырье, обеспечение стабильных поставок нефти в КНР из-за рубежа, развитие добычи собственной нефти в стране и научных знаний об энергетических ресурсах. В целом можно обозначить два составляющих аспекта энергетической политики Китая: внутренний аспект – сдерживание спроса на энергоресурсы внутри страны с целью снизить зависимость от стран-экспортеров; внешний аспект – укрепление связей со странами-поставщиками углеводородного сырья. Китай как один из крупных энергопотребителей в нынешнее время сильно переплетен с внешним миром. Такое положение страны не может не иметь влияния на развитие мировой экономики. Поэтому, в силу своей усиливающейся позиции, несмотря на замедление роста экономики, китайское руководство как можно эффективнее пытается реализовать энергетическую политику страны с учетом национальных интересов.

Так же в статье рассматривается тема о многосторонних отношениях Китая со странами-поставщиками энергоресурсов в условиях сложившейся мировой конъюнктуры.

Ключевые слова: энергосистемы, энергетическая стратегия, экономика, страна-импортер, страна-экспортер, национальный интерес, энергетическая безопасность.

Introduction

Chinese President Xi Jinping called for the use of new models of cooperation in the Eurasian area, the joint efforts to form the «Economic belt of the Silk Road» (EBSR) and proposed five necessary measures: political coordination, infrastructure interconnection, trade liberalization, free movement of capital and the strengthening of mutual understanding between peoples. Another part of the EBSR initiative is Chinese investment projects in Kazakhstan. Over the past years, China remains the largest foreign trade partner of Kazakhstan. Using the most advanced economic opportunities in the world to solve today’s financial and economic crisis, China buys and controls its shares in a number of well-known oil and gas companies in Kazakhstan.

In the mid-1990s, the share of Western companies in Kazakhstan was also high, and now the People’s Republic of China is one of the key players. One of the main measures of the Kazakh oil and gas market is the Kazakh-Chinese oil pipeline (from Atyrau to Xinjiang).

This country has already become one of the determinants of global economic development, has become an influential regional force in East and Central Asia. China seeks to reach the level of a global political force capable of influencing the creation of...
a new world order. At the heart of the changed international positioning of the PRC is the growth of its economy as a result of market reforms and integration into the world economy. The continuous growth of China’s energy needs is one of the key factors that have had a growing impact on international relations since the 1990s. During the first decade of the new millennium, energy consumption in China doubled (People’s Daily, 2011). In 2010, it surpassed the US in this indicator and became the largest consumer in the world, which had a significant impact on world markets and international relations. The active search for sources of supply contributed to the expansion of the PRC’s presence in all regions of the world, including Africa, Latin America and Antarctica. Beijing, since the late 70s of the twentieth century, pursued a policy of low activity outside its borders, has entered a broad international arena.

At the same time, China’s energy strategy has also been continuously changing. It has never been formalized as a single program document and represents a complex of projects, plans and directives. China once provided energy resources not only for itself, but also for its neighbors in the region – South Korea and Japan. A peculiar frontier in the country’s energy policy is 1993, when China became a net importer of oil. This played a big role for the government’s awareness of the growing problem of energy shortages and fueled fears of energy hunger. As a result, the Chinese government abandoned the policy of self-reliance and reliance on domestic resources and began to increase the import of energy resources. By 2003, the PRC ranked second in the world after the US oil imports. As a result, energy diplomacy has become an important and integral part of foreign policy. The number of long-term contracts for the supply of raw materials has increased, the construction of cross-border pipelines has intensified, and then a large-scale purchase of oil and other assets by Chinese corporations abroad began. Steps of Beijing in the international arena will increasingly be due to the search for profitable sources of supply. Consumption of energy resources in China will grow, including as GDP per capita grows, people’s well-being increases, which is already manifested in the active use of household appliances (especially air conditioners), car purchases, etc. At the same time in search of new sources of energy resources, Beijing increasingly has to compete with other importers. The main rivals here will be the United States, the European Union, deprived of its own resources, Japan and second only to China in terms of population India. The interests of the United States and the PRC are also faced with the question of how to allocate resources. If it is more profitable for Americans to trade in open markets, then Beijing prefers to operate through its state corporations by concluding long-term intergovernmental contracts.

Chinese state-owned companies are becoming increasingly influential actors in the field of international energy, having a significant impact on Beijing’s foreign policy (Jacobson, 2010: 12-13).

The provision of energy resources determines the opportunities for the development of the economy and society. The state of the country’s energy complex is increasingly becoming one of the components of national security. Recently, it has been more difficult for China to cope with rapid economic growth, which has a direct impact on energy supply. The actions of the PRC to meet the needs of the economy have an increasing impact on the state of world markets and the prices of resources, international cooperation and the policies of other countries. A side effect of these processes is the increased attention of the world community to environmental problems in the PRC.

**Theoretical and methodological basis**

The conceptual apparatus of the most influential schools of political research is used: liberal, realistic and constructivist. Security problems are traditionally considered using the approaches of the school of realism. However, its methodological apparatus is based on the fact that the main actors of international relations are the states. This creates limitations for the analysis of non-traditional threats, which also include threats to energy security and the environment. In modern theory, the notions of «security» and «threats» are getting more and more widely interpreted, more and more attention is paid to economic threats, as well as to non-traditional threats to security. An analysis of China’s current policy and its impact on international relations also analyzes the argument of the neo-realists about China’s gradual transition to the category of hegemonic countries and the possibility of a conflict with the United States. Analysis of energy security is possible only through an interdisciplinary approach that involves the use of historical, political, philosophical principles, as well as general scientific methods such as analysis and synthesis, induction and deduction, generalization and analogy, classification.

**Results and discussion**

The concept of «energy security» is treated in the literature very widely. It began to be developed
and became part of official documents on economic policy of the United States, European countries, Japan and other countries under the influence of «energy shocks» of 1973 and 1978. Initially, energy security implied oil security and included measures by consumer countries to prevent disruptions in oil supplies and price spikes in world markets. Subsequently, the concept also began to include a stable supply of gas. In the most general sense, energy security was understood as the effective use of internal resources developed in the most optimal way while preserving the strategic reserve, and availability of accessible and stable external sources of supply (Issova, 2015: 35).

The main measures to ensure the energy security of importing countries include: 1) the development of domestic traditional energy sources (oil, coal, gas); 2) reduction of specific energy consumption due to increasing its efficiency, development of energy-saving technologies; 3) use of alternative energy sources; 4) ensuring a stable development of the energy industry with a reasonable combination of market relations with government regulation; 5) creation of strategic reserves of energy resources.

High economic growth rates over the past 25 years have forced the leadership of the PRC to abandon the self-sufficiency strategy and move to a combination of mobilizing its own resources with reliance on external sources of supply. The search for energy resources has gradually become one of the defining features of the international activity of the country. The PRC more and more penetrated the world markets and expanded its sphere of interest at the expense of such regions as the Middle East, Africa and Latin America.

The analysis of priorities of the energy policy of the Chinese leadership is followed by the enumeration of the main measures to ensure energy security:

1) achievement of import volumes reflecting real energy needs;
2) diversification of energy sources (reduction in the share of coal through increased use of gas, nuclear energy, and alternative sources);
3) formation of a system of diversification of supplies and transportation;
4) development of energy-saving technologies;
5) international cooperation and participation in international mechanisms for ensuring energy security;
6) the creation of strategic oil reserves, as well as liquefied natural gas (LNG) and coal.

Among the Chinese documents, special attention is paid to the energy industry development strategy, published in June 2004 – «The main provisions of the medium-term and long-term energy development program of China for 2004-2020» (Medium and long-term, 2004), and «medium-term plan for the development of China’s energy industry (2030, 2050) »(Law on Renewable Sources, 2005). Also this group of sources includes legislative acts, program reports and speeches of the leaders of the PRC (Notice to the State Committee, 2012), (State Committee of China, 2007).

Among the works of Chinese scientists, special attention was paid to the work of the Center for Energy Policy Research of the Chinese Academy of Sciences (Zhongguo Nenyuan, 2006: 134), the institutions of the Chinese Academy of Social Sciences (Wu Lei, 2003), Qinhua University (Guan Qinyu, 2010: 132) State Committee for Control over the Electricity Industry and Regional Research Centers (Beijing, Shanghai, Tianjin, Yunnan, etc.) (Zhongguo Nenyuan, 2008: 86). Also published are speeches and interviews of Chinese leaders and directors of major state corporations (Zhunggo, 2012. 124-231).

The problems of Chinese energy and energy security were analyzed in the works of F. Andrews-Speed (2011), E. Streker Downs (Downs, 2012), R. Ebel (Ebel, 2005: 104), K. Alden (Alden, 2008: 22-25). The interrelations of energy and the economic model of China’s development are examined in the monograph of the famous American economist of Chinese origin Huang Yasheng (Huang, 2008: 45-50).

Recently, a number of studies of the impact of the rapid development of energy on the environment and sustainable development of China (Day, 2005), A. Goldstein (Goldstein, 2005: 142), B. Sovakul (Brown, 2011).

The energy strategy primarily reflects the perception of the international system by China and its role in it. China’s economic development and market reforms launched in 1978 have had a key impact on energy security in both the Asia-Pacific region and the world. Providing not only its own country, but also a number of neighboring countries with energy resources, the Chinese leadership did not pay enough attention to energy efficiency problems, which explains the current gap in energy consumption per capita between the PRC and Western countries. The energy needs of the economy were largely met through the extensive development of the energy sector. This self-sufficiency strategy (ie, meeting energy needs only at the expense of domestic resources of the country) proved ineffective, and as the GDP grew, Beijing had to increase its imports more and more. In 1993, for the first time, imports
of crude oil exceeded its exports. However, at that
time, the threat of a shortage of energy resources did
not cause particular political concern. As a serious
threat to national security, it began to be perceived
only at the turn of the new millennium, when the
volume of imported oil was a quarter of its total con-
sumption in China (Zha Daojing, 2010).

China has traditionally been a coal-mining
country. After the founding of the PRC in 1949, en-
ergy needs were mostly met by coal, with a small
amount of oil imports from the USSR. Thanks to the
discovery of the largest Datsinsky oil field in 1963,
Beijing was able to abandon oil imports and move
to a policy of full self-sufficiency in the field of en-
ergy resources. This was a forced measure caused
by the external isolation of China and the deteriora-
tion of relations with the USSR. At that stage, China
continuously increased domestic production and ex-
ported oil and coal to Japan and other countries of
the region, which became the main source of new
technologies and foreign exchange. As domestic
production declined and oil demand grew, Beijing
began purchasing it from Oman in 1983 as a tempo-
rary measure. Subsequently, the volume of exports
began to grow year by year. As a result, in 1993,
Beijing became a net importer of oil (Zha Daojing,
2010). The rate of consumption of the main types
of energy resources in the PRC is continuously
growing. Despite a significant increase in domestic
production, imports from abroad, increased invest-
ment in generation, construction of pipelines and the
transfer of electricity within the country, there is a
regular shortage of energy resources and power out-
ages occur.

The main factors for increasing energy consump-
tion in China in the first half of the XXI century.
there will continue to be an increase in population
and income and, as a consequence, urbanization,
industrialization and motorization. One of the main
factors in the growth of energy consumption in
China, as in many other developing countries, is
industry, in contrast to developed countries, where
this indicator is minimized. If industrial demand is
mainly met by coal, then consumption in the trans-
port sector is due to oil. According to forecasts, by
2020 the number of cars in the country will increase
to 120 million, and the import of oil, at least, will
reach 60% of demand.

Many experts are inclined to believe that
ensuring China’s energy security creates a threat to
the energy security of other countries and regions,
and reduces its level, primarily due to rising prices
on world energy markets.

China has taken a strong position as a participant
in the global energy market and has had a significant
impact on its development, supply routes, pricing,
etc.

The increasing role of China in the global energy
sector is indicated by:

– the growing presence of Chinese energy
companies in Central Asia, the ASEAN countries,
the Middle East and Africa;
– rivalry with other importing countries,
primarily the United States, Japan, as well as India,
for access to energy resources;
– a rise in prices in world markets caused by an
increase in oil exports to China.

China begins to play an active economic role
in the regions from which it imports energy. At the
same time, the Chinese leadership, banks and state-
owned companies are taking significant political
risks to gain access to sources of raw materials. To
meet the needs of economic growth, they conclude
contracts with unstable regimes, provide large loans,
and further develop infrastructure. China’s external
supplies are extremely vulnerable, both because of
the unstable situation in the regions (Middle East,
Africa), so the monotony of transportation routes
(the Straits of Malacca). In the search for energy
suppliers, China is increasingly drawn into a covert
confrontation with the United States (in the Middle
East, Latin America, Canada, Central Asia, Africa),
Japan (in Africa, Russia, Asia-Pacific) and India
(in Central and South-East Asia) and other coun-
tries. However, theories about the growing «energy
threat» from China and its transformation into a
«hegemon» are greatly exaggerated.

Conclusion

Ensuring national energy security has become
one of the main tasks of China’s foreign and
domestic policy. At present, energy diplomacy is a key
component of China’s foreign policy strategy and its
interaction with other states. The increased demand
for energy resources increases the influence of the
PRC on world energy markets and stimulates the ex-
pansion of its presence in other regions. The active
exit of Chinese companies into the world energy
markets is caused by such serious internal problems
as low energy efficiency, deterioration of the eco-
logical situation, underestimation of domestic prices
for energy resources, insufficient infrastructure de-
velopment, etc. At present, China’s energy security
strategy is not framed as a single document or pub-
lished complex measures. The emphasis is on short-
term measures combined with ambitious plans. In
fact, in parallel, there are several strategies that are

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not consistent among themselves. The contradictory nature of the energy policy of the Chinese leadership can be explained by the struggle of two tendencies: the intention to gain an independent position through the development of domestic resources (the desire to return to the situation when China provided its own needs) and an approach focused on meeting the energy needs through external supplies. Supporters of the first approach lobby for the development of their own industries and the introduction of high-performance technologies, using data on significant undiscovered reserves and calling for a transition to alternative energy sources. The second approach is based on the recognition of the inevitability of growth in imports as the economy develops further. This leads to the conclusion that China needs to protect itself by providing reliable supplies at affordable prices. This strategy focuses on large state-owned companies that spread their presence around the world. The main component of China’s energy security strategy is the diversification of sources of supply, both domestic, through more active exploration and development of deposits inside the country, and external, through investments in extraction and processing abroad, development of foreign technologies, conclusion of long-term contracts, and construction of cross-border pipelines and power networks.

China can not cope with the problems facing it independently. The most effective way to improve its energy security could be to create larger inter-regional projects by combining pipelines into a regional system and creating a single energy space. Such projects can be implemented both in the sphere of primary energy (oil, gas) supplies and in the field of electricity supply. Promoting the collective approach will contribute to ensuring energy security and the entire international system. At the moment, there is no comprehensive mechanism for regional security in Asia. The SCO Energy Club and the creation of an energy block within the framework of cooperation between the states of Northeast Asia can play a more active role in its future. However, at the moment, China, like other states in the region, resolves its energy problems unilaterally. Insufficient level of interaction and coherence between energy development strategies reduces the level of energy security of the states of the region.

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