

Oil Politics: Chinese Foreign Policy in Central Asia

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ABSTRACT

China's rapid growth has forced them to look towards other states in order to supply resources needed to keep the economy running smoothly. Building on Fravel's work on the analysis of Chinese territorial disputes, this thesis aims to explain the motivations behind Chinese Foreign policy in Central Asia by providing the case for an external rather than an internal motivation for the unique treatment of Central Asia. This thesis argues that external motivations such as the need for energy security and the presence of regional powers, may have played a larger role in the motivation behind this strategy. Authors have pointed out that the ethnic unrest and instability in Xinjiang was a key factor in mobilizing friendly relations with its bordering states, however this thesis will argue that this may have been a short-term goal, as these territorial disputes set the foundations for more dialogue between China and Central Asia, in the form of the Shanghai Cooperation Organization.

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INTRODUCTION

The tremendous rise and growth of China is bringing with it a growing rate of consumption. Resources, specifically hydrocarbons, have been and will be a key driver of Chinese foreign policy strategy for years to come. Just as an aspiring bodybuilder supplies him or herself with extra calories, vitamins and nutrients, China must ensure the prosperity of their growth and gains by ensuring its access to hydrocarbons. China first became a net importer of oil in the early 1990s, and since then the need for oil has grown tremendously. Chinese oil imports rose from 150 million tonnes in 2004 to 220 million tonnes in 2009.¹ As a result of the 1.3 billion people who now have increased wealth, consumption of energy is a concern for both industry and personal use. From a state's perspective, the need for hydrocarbons is vital to the stability of the country. At a very basic level, energy security ensures the sovereignty of a state. For example, energy security ensures that the military can be properly fuelled and ready to mobilize at all times, it ensures that the economy can continue to function and that people can be transported to work and back home. Energy security is vital to the day-to-day function of a state, and in the case of the Chinese political structure, it is also vital to the stability of the ruling regime.

Given this reality, China has been prompted with a task of securing access to hydrocarbons in order to meet its energy security interests. The current supply of oil to China mainly comes from the Middle East, as well as Africa, Asia-Pacific, and Eurasia. Since the mid-1990s, 75-80% of the oil supply came from both Africa and the Middle East, specifically Saudi Arabia, Angola and Iran making up almost 50% of the total supply from the region.² The security of hydrocarbon supplies is difficult to maintain

¹ Philip Andrews-Speed and Roland Dannreuther, *China, Oil and Global Politics* (New York: Routledge), 1-2.

² Andrews-Speed and Dannreuther, *China, Oil and Global Politics*, 68.

in regions that are distant. The great distance makes it difficult for China to have significant influence in maintaining regional stability thereby also a difficult time ensuring their energy security needs are properly met. This is why Chinese foreign policy, which acts usually as a pre-cautious and firm international actor, is looking to Central Asia with a unique pressure to cooperate and to show accommodating behavior. Energy security plays a key factor in the relationship of China vis-à-vis Russia, Central Asian states, and through the institutional framework of the Shanghai Cooperation Organization.

Chinese foreign policy is unique, in the sense that it has traditionally been centered on the following objectives: to ensure the survival of the regime, the domination of the one-party system, national security and the control to ensure social stability and economic growth.³ The political structure of China makes it of ultimate importance for the regime to ensure its survival. In theory, if a government mishandles a responsibility, a democratic society should be able to vote them out of office. This is the process of political change. However, because China is not a democracy, any mishandling of responsibilities is responded to with instability and possibility for unrest. If this instability is too high, there is a possibility that the unrest could lead to many disasters. Due to these reasons, economic prosperity is one of the highest possible assurances that China's regime will continue to rule. Energy security is directly related to economic prosperity, therefore it is just as important.

The approach of traditional Chinese foreign policy as being in line with Mao's Five Principles of Co-existence, which are, "[the] mutual respect for each other's territorial integrity and sovereignty, mutual non-aggression, mutual non-interference in

³ Ming K. Chan, "Core Elements in a Rising China's Foreign Policy and Key Issues in Sino-American Relations: Trans-Pacific Observations," ed. Herbert S. Lee, (New York: Routledge, 2011), 34.

each other's internal affairs, equality and mutual benefit, and peaceful co-existence"⁴. This approach has changed in the last few decades, as China's power has grown they are participating within the international community, but it has retained the important concept of sovereignty and non-interference in internal affairs.⁵

China as a rising power brings question as to whether it is seeking a 'peaceful rise' or if it will one day come into conflict with other powers. For example, Chinese relations with Japan tend to be tense, the realist explanation of maximizing gains can explain why this is so, but what explains the current relations between China, Russia and Central Asian states? The Shanghai Cooperation Organization serves as a framework to observe what type of relations exist between the two regional powers, and one energy-rich region. China-Russia relations are competitive, but at the same time, due to external forces, an opportunity has presented itself that may make it beneficial to cooperate with each other. Russia, as a former world power, and China as a rising economic power, we see that the two states are trying to manage their sphere of influence and Central Asia is important for both parties. Russia has traditionally maintained most of the influence in this region, however, as China rises to be an economic superpower, the spillover effect of trade and the growing needs for resources is changing traditional perspectives of China by Russia and Central Asia. Just by geographic proximity and the potential for energy security of supply and demand, Central Asia is a valuable asset to both Russia and China. As powerful as China has become, they are not exactly following realist expectations, and instead are using methods of cooperation to secure its national interests, in certain areas. We see the example of the Shanghai Cooperation Council, as a framework where China is a driving

⁴ Marc Lanteigne, *Chinese Foreign Policy: An Introduction* (New York: Routledge, 2013), 7.

⁵ Lanteigne, *Chinese Foreign Policy*, 7.

force and has courted to regional neighbors. In this framework, China has been aiming to counter-balance US influence in the region.

China has not been shy to stand firm on particular issues, using their power in vetoing of UN Resolutions, for example, in the cases of the condemnation of governments in Sudan, and in taking serious measures against Bashar Al-Assad in the Syrian crisis.⁶ However, we see an exception to this realist interpretation of the behavior of China when analyzing their relations with Central Asian states. M. Taylor Fravel's work on territorial dispute behavior in China has shown that this firm stance and typical realist behavior of maximizing gains, does not exist in relations with Central Asia. What explains this behavior? This thesis will look to uncover the motivations of Chinese foreign policy in Central Asia, specifically whether it is due to internal or external motivations. By comparing territorial dispute behavior with both the eastern and western neighbors of China, and the economic activity between China and her neighbors, we can analyze China's ambitions and motivations.

Both before and after the break-up of the Soviet Union, Central Asia has been closely linked to the influence of the Russian Federation, both economically and politically, without much interference from other external actors.⁷ The presence of a rapidly growing superpower in China has significantly changed this dynamic relationship. This occurred after China could no longer completely support its growing population and industry with its own oil and gas, signaled by the transformation into a net importer of hydrocarbons in 1993.⁸ Relations with Central Asia became invaluable at this time and Russia was left with a challenger to Central Asian influence. Cooperation with a neighboring region like Central Asia ensures a secure supply of oil

⁶ Lanteigne, *Chinese Foreign Policy*, 8.

⁷ Thomas Stephan Eder, *China-Russia Relations in Central Asia: Energy Policy, Beijing's New Assertiveness and 21st Century Geopolitics*, (Wien: Springer VS, 2014), 34.

⁸ Eder, *China-Russia Relations*, 35.

and gas for China. The sheer proximity of Central Asia as a viable partner in energy trade and investment allows China to cut costs of transport, have a more direct influence in the stability of a region so near, and also aids in the process of diversification of Chinese energy imports.

China has been one of the first states to change a previously cold diplomatic correspondence with the Soviet Union, into a peaceful and flexible ally to the states in the region of Central Asia. China has had a history of being weary with the idea of cooperation with the international community, due to their history with unfair treaties and the ‘bullying’ treatment by imperialist powers, China has historically approached international cooperation with extreme caution. China’s territorial disputes with Central Asian states were solved relatively quickly and peacefully. Compared to China’s current disputes with India, Japan and those in the South China Sea, Central Asian received more forgiving treatment. Fravel explicitly states that domestic politics were the key factor in dictating Chinese behavior, specifically in terms of quelling the ethnic unrest occurring at the time. This thesis will highlight that indeed this ‘special treatment’ was due to domestic politics, specifically regime security and stability, however the key factor was actually a long-term goal of obtaining access to oil and gas fields, to supply for a growing internal demand for hydrocarbons, economic and political cooperation.

The presence of the Russian Federation as a regional hegemon makes the dynamic in this part of the world truly unique. With the growth of China and the historical legacy left behind by Russia, these two states have naturally become competitors in Central Asia. Fravel’s work gives us a solid foundation in terms of the research and case studies involved in territorial disputes, but this thesis looks to formulate a broader understanding of China’s foreign policy objectives and

specifically, implicate energy security as a key driver of these uniquely friendly relationships. One can say that Russia's interests in the region are motivating China to maintain a cooperative strategy in Central Asia.

The analysis of Chinese patterns in establishing themselves within power politics is important for policy-makers and scholars alike. Those who study power politics have the opportunity to witness the rise of an economic superpower in modern times. This is a unique situation in the fact that China has moved away from the traditional use of uncontested military power as a method for achieving dominance. Understanding how soft power and economic interdependence can affect a state's rise to power adds to the social scientist's real life experimentation possibilities. Since the laboratory of the social scientist is the real world, witnessing the evolving aspects of state power is crucial in truly understanding how the world works and how relationships between states have evolved.

This research adds to the study of the effects of resource security on policy-making, whether it is to secure supply or demand, and how energy security can potentially affect interstate relationships. Using China as a stronger economic and military power compared to her Central Asian neighbors, we are witnessing a state whose history of self-sufficiency, isolation and mistrust towards external powers has now experienced a turnaround in policy. China is looking to establish friendly nations with certain regions, while maintaining firm relations with other regions, and uncovering the true motivations for this behavior is important in understanding the rise of China. China's path towards establishing and maintaining energy security may one day be similar to other nations in the developing world that are emerging economies.

Furthermore, understanding the position of an exponentially growing China is important for establishing and maintaining relations with them. There are many

indicators that suggest the vital importance to China, and in an increasingly interdependent world, China's smooth transition towards development will naturally benefit the global economy.⁹ The talk of Chinese rise as the largest economy in the world has just recently been in world headline news, as a recent report made by the World Bank, states that in 2011, China's GDP grew to 87% of the GDP of the USA.¹⁰ The rising strength of China, and East Asia as a region gives us incentive to study the foreign policy behaviors of these regional powers. One day we may see a world where China reaches the global-reaching power and influence of Europe and North America, therefore it is important to study the foundations of this power to determine the importance of economic interdependence.

Within the last few years, there have been many contributions to the study of China-Central Asian relations in regards to securing hydrocarbons. Thomas Stephan Eder writes on the relations between Russia and China as competitors in Central Asia, where former adversaries are now forced to cooperate due to their interests in a newly-independent Central Asia. He describes that foreign policy between the two actors are based traditional and evolving perceptions of each other. He suggests that Russia is in a slow decline and China is experiencing upwards growth, therefore the dynamics within Central Asian influence and possibly the SCO itself will change to match this inevitable hierarchical structure between the two actors.

Hung Ming-Te and Tony Tai-Ting Liu write about China's newly experienced 'Good Neighbor Policy' that is being used in Central Asia, and the importance of Central Asia as a potential 'second Middle East'. This article illustrates the cooperative policies that China is implementing in Central Asia, along with the effect of the SCO

⁹ Linda Jakobson and Zha Daojiong. "China and the Worldwide Search for Oil Security," *The Asia-Pacific Review* 13, no. 2 (2006): 64.

¹⁰ BBC News. "Is China about to overtake US as the world's largest economy?" Linda Yueh. April 30 2014. www.bbc.com/news/business-27216705

on Chinese foreign policy initiatives, and how this region is important to circumvent US containment strategies.

Shamil Midkhatovich Yenikeeff writes on the history of economic cooperation that China has been implementing in Central Asia and how this has translated to a Central Asia that is more willing to cooperate with China. He also illustrates the importance of Central Asia for the Russian energy business, in the sense that Russia needs markets in both Central Asia and China to provide an alternative to EU dependence of demand. In the end, he describes the importance of this region to both parties, and potentially how Central Asia can access the EU market and undermine Russian energy influence there.

In the article, *China's quest for oil security: oil (wars) in the pipeline*, Pak K. Lee describes China's reaction to their growing need for hydrocarbons. Specifically he explains the China's relations with all of their energy-exporting neighbors, describing the hostilities in both the South and East China Seas, as well as the potential in Central Asia. He concludes that Central Asia will not prove to be sufficient, and that continued reliance on the Middle East and offshore deposits will be necessary to meet China's demand, and that this may lead to tensions and potential conflict with regional powers in Asia.

CHAPTER 1: THEORETICAL FRAMEWORK AND METHODOLOGY

1.1 Background

The clarity of certain concepts is important in order to interpret the argument of this thesis. First, ‘energy security’ is linked to the traditional view of state security, with the prevailing notion that an uninterrupted supply of energy is critical to the functioning of the economy.¹¹ Energy security is a vital interest to all states, as it is tied to a state’s national security; therefore all states inherently attempt to pursue energy security selfishly.¹² This is in the greater context of a state maximizing their security, by either reducing their vulnerability or by minimizing the potential of threats.¹³ The linkage between energy security and national security is further illustrated by the idea of a traditional sense of economic security, which is the concept that equates a state’s security with the level of dependence on external sources of food, raw materials and resources.¹⁴ Energy security can be defined specifically as,

A state in which consumers and their governments believe, and have reason to believe, that there are adequate reserves and production and distribution facilities available to meet their requirements in the foreseeable future, from sources at home or abroad, as costs which do not put them at a competitive disadvantage or otherwise threaten their well-being.¹⁵

In this sense, energy security is tied to overall national security. In modern times, the definition has expanded to include other situational aspects of energy security. Beyond the mere physical presence of oil and gas modern definitions may include elements of an economic perspective. The idea of the price of oil is also included in the definition, as well as concerns about transport and the costs inferred due to pipeline construction and maintenance, and finally, the political stability in places where the hydrocarbons

¹¹ Bert Kruyt et al., “Indicators for Energy Security,” *Energy Policy* 37, no. 6 (June 2009): 2167.

¹² Jakobon and Daojiong. “China and the Worldwide Search for Oil Security,” 62.

¹³ Barry Buzan, *People, States, and Fear: An Agenda for International Security Studies in the Post-Cold War Era*, (New York: Harvester Wheatsheaf, 1991), 112.

¹⁴ Vince Cable, “What is International Economic Security?”, *International Affairs* 71, no. 2, (1995): 313

¹⁵ Robert Belgrave et al, *Energy Security to 2000*, (Aldershot, Gowman, 1987), p. 2

are coming from.¹⁶ This perspective gives us various indicators on the success of a state in achieving a comfortable level of energy security. Indicators such as resource estimates, diversity indices, import dependence and political stability in supplier countries are methods of measurement in this regard.¹⁷

In a more traditional and theoretical sense, energy security exists as a measurement of the security of the supply of strategic resources and how stable the price of these resources which are subsequently based on the stability of external sources.¹⁸ The security aspect can be seen as a state's capability to defend its interests, or as it can be termed, 'war potential'.¹⁹

This traditional definition has since been evolved, due to the fact the energy security is not a 'one-size-fits-all' state responsibility, and the fact that there are more key factors that exist to influence foreign policy initiatives regarding resource interests. Simply put, each state has a unique approach and specific goals that need to address specific advantages and disadvantages that have been bestowed upon to each and every state. To some states, energy security can be the security of demand, and to others it can be the security of supply.²⁰ It is said that for a state to be successful in achieving a comfortable level of energy security, there are four principles that the state must abide by. First, the state must incorporate a strategy for diversification of sources, so to reduce the likelihood of a disruption of supply, by providing viable and secure alternatives.²¹ This is also important to the second principle, resilience, specifically to strengthen the ability to absorb shocks.²² Thirdly, incorporating the stability of the market as a

¹⁶ Kruyt et al., "Indicators for Energy Security," 2167.

¹⁷ Kruyt et al., "Indicators for Energy Security," 2169.

¹⁸ Pak K. Lee, "China's quest for oil security: oil (wars) in the pipeline?" *The Pacific Review* 18, no. 2 (August 2005): 266.

¹⁹ Lee, "China's quest for oil security," 266.

²⁰ Jakobon and Daojiong, "China and the Worldwide Search for Oil Security," 61.

²¹ Daniel Yergin, "Ensuring Energy Security," *Foreign Affairs* 85, no. 2 (March/April 2006): 76

²² Yergin, "Ensuring Energy Security," 76.

facilitator to energy security, specifically acknowledging the importance of the world oil market, and lastly valuing important information on world markets and energy prospects.²³

1.2 Realism

This thesis aims to clarify the motivations of a uniquely ‘soft’ foreign policy approach by China towards Central Asia. Using Fravel’s research, of territorial disputes and the resulting uniquely ‘cooperative’ treatment of the Chinese towards their Central Asian counterparts. We will also use the examples of land disputes that China strongly maintains with other regions and will analyze both bilateral and multilateral cooperation initiatives to uncover possible motivations of the Chinese government acting in this way.

I assert that by China pursuing a strategy of accommodation in Central Asian territorial disputes, they also achieve regime security, by allowing for cooperation with weaker states in Central Asia to pursue long term goals of energy security. China has acted in more of a non-compromising fashion in many of the other territorial disputes simply because they were either directly dealing with another influential regional power, or it is not costly for China to defend the claim of territory. China, as part of their strategy of ‘peaceful rise’ do not wish to directly engage regional powers, in the sense that they are willing to maintain a certain level of hostility, however, it seems they do not hesitate to push for their interests if it is seen that regional powers would not react violently. As Fravel explains, “Offshore, China and the other claimants have little incentive to compromise over sovereignty because these island groups cost little to dispute and may yield economic or strategic advantages”.²⁴ Fravel also explains that

²³ Yergin, “Ensuring Energy Security,” 76.

²⁴ Thomas Fravel. “Regime Insecurity and International Cooperation,” *International Security* 30, no. 2 (Fall 2005): 82.

it is no coincidence that many of the compromises that China has made with territorial disputes have been along the borders containing a high proportion of ethnic minorities.²⁵ However, now that time has passed since the publishing of his paper, and it seems that the ethnic tension may have subsided, however we see now that these compromises had the long-term goal of creating cooperation based on China's growing need for energy security. Other diplomatic and economic agreements with Central Asian states were aggressively pursued by China during the time of these territorial disputes. These compromises created a foundation of cooperation and a feeling of trust between the actors that has led to bilateral agreements and success in creation of the SCO between China, and Central Asian states. Also as a result, bilateral approaches between China and various Central Asian states have thrived as well. With the incorporation of Russia in the fold as the strongest military presence within the SCO, China is careful not to appear too ambitious, and is able to avoid any complications from the side of Russia in pursuing regional dominance. In Central Asia, Chinese compromises have proven to be more advantageous, then pursuing this region with the same amount of persistence rigidity that they have shown in other areas. This strategy follows China's strategy of peacefully rising, that is ridding themselves as the 'China threat' and instead have others perceive them as cooperative, and aiming to reach mutual gains.

This approach fits well with a defensive realist argument, which argues that in the presence of a structural anarchy, states aim to defer the national strategy of achieving hegemony as a main goal, and instead, focus on maintaining a reasonable level of power, so as to secure its survival and not attract the same negative attention

²⁵ Fravel, "Regime Insecurity," 82.

and responses in competition that a hegemon might receive.²⁶ Defensive realism suggests that if a state becomes too far-reaching in its goals and in securing its interests, that there is a possibility that the resulting backlash of unified parties could in fact endanger the state and threaten its survival. Survival is at the very core of state functioning and purpose. Defensive realists instead would suggest that a state should aspire to achieve incremental relative gains in power through subdued actions.²⁷

The research in Fravel's work has shown that China, in giving away claims of territory, has found it beneficial to cooperate with this region instead of challenging them, in order to secure energy assets it so desperately needs. Despite the Soviet Union's break-up, Russia still maintains a high-level of influence of the region.²⁸ China would potentially be threatening its own security if it pursued Central Asia forcefully, and if it were to disregard the current influence and any concerns and interests Russia maintains in the region. Courting Central Asia through territorial disputes, and involving these states along with Russia in an organization like the SCO lessens the security dilemma in two ways. Firstly, as Fravel mentions,

By settling disputes and eliminating ambiguity about the location of its borders, China has reassured its neighbors about its intentions and potential ambitions, lessening the security dilemma. Regional diplomatic initiatives would have been much more difficult to pursue under the shadow of hot territorial conflicts, especially in light in ongoing tensions over Taiwan²⁹

This is not to say that these intentions will always remain the same, however, some idea or transparency can be conducive to good relations for the time being. The relationship between China, Central Asia and Russia as a regional power is given a forum through

²⁶Kenneth N. Waltz, "Structural Realism after the Cold War", *International Security* 25 no. 1, (2000): 33.

²⁷ Waltz, "Structural Realism," 34.

²⁸ Shamil Midkhatovich Yenikeeff, "Energy Interests of the 'Great Powers' In Central Asia: Cooperation or Conflict?" *The International Spectator: Italian Journal of International Affairs* 46, no. 3 (September 2011): 64.

²⁹ Fravel, "Regime Insecurity," 83.

the SCO as a way of avoiding possible conflicts, which falls in line with the argument by Seth G. Jones, suggesting that due to the high costs of security competition, a state may find it most beneficial to pursue a strategy of multilateral cooperation.³⁰

The other side of the argument would come from offensive realists, who would suggest that China is simply looking to maximize its power in Central Asia through this framework of the SCO, maintaining the ultimate goal of regional hegemony. Offensive realism suggests that instead China would be looking to maximize their influence in the region, and are not under fear to restrain their longing for regional hegemony. Instead this framework is allowing China to make a significant stake in the influence of the region. Offensive realists reject the idea that a state would restrain itself from maximizing its power, because states would be unlikely to join a balancing coalition and instead would be likely to buck-pass in this situation. To offensive realists, states are primarily aiming to take advantage of any space or opportunity in an effort to expand vis-à-vis their rivals in order to secure themselves or to achieve greater position for power.³¹ States realize that the key to their survival is power, and the more power a state achieves, the lesser the chance is of states unifying against them. Weaker actors will be increasingly reluctant to rise up to this challenge.

The idea of the offense-defense balance can be argued as more dynamic in nature. As we will find the case study in Chinese energy security, it seems to be fitting, as a result of the different attitudes that China displays to different actors in achieving its research interests. Robert Jervis, writes about this offense-defense balance as an explanation for states' behavior in war,

When we say that the offense has the advantage, we simply mean that it is easier to destroy the other's army and take its territory than it is to defend one's own.

³⁰ Seth G. Jones, *The Rise of European Security Cooperation* (Cambridge: Cambridge University Press, 2007), 34.

³¹ John Mearsheimer, *The Tragedy of Great Power Politics* (New York: W. W. Norton, 2001), 80-81.

When the defense has the advantage, it is easier to protect and to hold than it is to move forward, destroy and take³²

Taking this concept to the modern day, the Chinese actions can be easily explained using this balance. Simply put, settling territorial disputes and therefore paving the way for an organizational framework in the SCO with the far-reaching hands of the USA or regional powers such as Japan, can fit into a defensive realist argument. In other territorial disputes, we have seen China not cooperate to the full extent as they did with Central Asia, where in these cases, there are situations where standing firm on these territorial disputes have been beneficial, for numerous reasons that secure the regime amongst their people. If China rises to the status of regional hegemony, who is to say that these relationships will not change? This is feasible, especially in the possibility of a declining Russian Federation.

In this light, I will facilitate the discussion here using the defensive realist argument, however I do not believe that this is a static method of behavior for China, who in time, will have the power to act as an offensive realist. They simply do not have the means to achieve this as of now. The problem lies in defining Chinese intentions as 'defensive' or 'offensive'. One may argue that the diversification of resource exporting countries is either defensive, in the sense that they are directly allowing themselves the opportunity to fuel their self-defense. In the other sense, it can be said that they are acting pre-emptively, so as to prepare themselves for regional hegemony. In this particular case of China's territorial disputes and their involvement with the SCO and courting Russia's interests in the region as well, they are indeed pursuing a defensive realist strategy that allows them to achieve energy security goals, while minimizing damage to the relations to Russia or the Central Asian states involved.

³² Robert Jervis, "Cooperation under the Security Dilemma," Jan 1978. *World Politics* 20, no. 2 (January 1978): 187.

1.2 Liberalism

Whereas realism portrays power struggles in the sense of a cyclical process, Liberalism argues that with changes to the economy, democratization and international regimes, the relationships between powers have changed as well. The status or position of a state does not necessarily describe the actions that states may take. Certain theories within liberalist thinking attribute state action due to economic interests, due to the presence of international regimes, or due to internal structure. Instead of the zero-sum game that realists find themselves in, liberalists believe situations that exist where all parties involved can receive mutual gains.

When speaking of cooperation, it is important to note the concept of complex interdependence. In the book *Power and Interdependence* both Keohane and Nye suggest that instead of the realist idea of security seen typically as a measurement on one state's military capabilities vis-à-vis another state's capabilities, Keohane and Nye suggest the level of economic interdependency which can be another indicator for the likelihood of war.³³ Taking this into account, it is further suggested that the idea of economic and environmental security concerns may need to be considered to the same importance as military security, when analyzing the behavior of states.³⁴ Additionally, the economic security is inter-related with military security, therefore in this sense, foreign policy and domestic policy should be aligned, more or less.

The other concept worth noting in regards to this thesis is the idea that societies are linked to each other through multiple channels.³⁵ Realists are all too familiar with the first channel of interstate relations, however Keohane and Nye introduce transgovernmental and transnational channels. This could be the basis for Fravel's argument that China has cooperated uniquely well with Central Asian states in order to

³³ Robert Keohane and Joseph S. Nye, *Power and Interdependence* (New York: Longman, 2001), 7.

³⁴ Keohane and Nye, *Power and Interdependence*, 10.

³⁵ Keohane and Nye, *Power and Interdependence*, 21.

quell upset minority populations in these bordering regions, acting in a relationship with transgovernmental actors, rather than acting as a state in unity. This may have been a short-term goal, however, the long-term motivation that was facilitated with this cooperation was crucial for the access to hydrocarbons and energy security.³⁶

The idea of offensive-defensive realism best suits the approach to this situation, simply because the presence of a large regional power in Russia changes the dynamic of this region completely. We will be observing this situation on a state level, because it is the state, and state-run enterprises that are currently charged with maintaining vital energy security companies. While we cannot predict the outcome of a China meddled in Central Asian affairs minus the Russian Federation, we can see that in effect, Russia's presence and status has facilitated a more cautious strategy by China in this region. China is careful not to overstep their place in Central Asia. The Central Asian states still maintained much of the legacy left behind by the Soviet Union, and along with the oil and gas boom in this region, Russia still maintains a keen interest in this region. Acting at least for now, through a defensive realist framework, China is pushing as far as they can reach to assure themselves energy security, but they do not dare push far enough to upset Russia. One can argue that Russia, for now, is a valuable ally both in the region, and in the world vis-à-vis the west. The SCO framework and member states illustrate this framework with a real example, which we will look into later into this thesis.

Specifically, we will use a foreign policy analysis approach to this study. Foreign policy analysis is a method for explaining foreign policy behavior with a

³⁶ This is not to say that ethnic minority politics were irrelevant. Quelling the uprisings in this part of China was beneficial for reinforcing the authority of the regime. However, this relationship is still significant and remains to be important for China to maintain due to the demand for hydrocarbons and the need to address the security requirement of diversification.

theoretical examination of decision-making bodies, as groups or as an individual.³⁷ Of great importance to this research, is the influence of national bureaucracies, and their motivations on foreign policy decision-making.³⁸ This thesis will not examine the role of individuals, the Chinese Communist Party in particular, or any interest groups, but instead will focus on the regime and the motivations behind their foreign policy choices.

The level of analysis in this research is regime-level, as a one party system that dictates the motivations of the Chinese state. It is important to note this as the validity of the hypothesis is based on this clear definition.³⁹ In comparison to the Chinese domestic causes of this foreign policy strategy in Central Asia, the external causes are also important motivators for this type of behavior. The state is operating on an interstate level when making these territorial accommodations, and particularly in this region, it is comprised of states that traditionally have a high level of control and authority over their states. Regime security, for the purpose of this thesis, is only related in the sense that resource scarcity, or energy insecurity can lead to instability due to the government not being able to provide necessities for the people to live their day-to-day lives, or for the economy to run properly. Essentially, this thesis will aim to explain foreign policy motivations based on external situations that exist in the regions surrounding China, rather than looking for an internal explanation, however, I do acknowledge the internal troubles that cooperation with Central Asia could in fact alleviate. However the salient issue has to be the growth of the economy and keeping

³⁷ Valerie M. Hudson, "The history and evolution of foreign policy analysis" in *Foreign Policy: Theories, Actors, Cases*, ed. Steve Smith, Amelia Hadfield and Tim Dunne (Oxford: Oxford University Press, 2008), 12.

³⁸ Jeffrey T. Checkel "Constructivism and foreign policy" in *Foreign Policy: Theories, Actors, Cases*, ed. Steve Smith, Amelia Hadfield and Time Dunne (Oxford: Oxford University Press, 2008), 74.

³⁹ Janet Buttolph Johnson and H.T. Reynolds with Jason Mycoff, *Political Science Research Methods* (Washington DC: CQ Press 2001), 53.

energy supplies stable, secure and affordable. Access to hydrocarbons is the key to this growth continuing safely and securely.

In my hypothesis, the independent variable is energy security, as well as the need for the regime to maintain economic stability. The dependent variable is China's foreign policy strategy. My hypothesis is that China is aiming to maximize gains and diversify its' energy security by cooperating with the economically and militarily weaker Central Asian states, to the best of its current abilities, while being in the presence of a regional power in Russia, whom at the moment, is militarily stronger and can be a powerful ally vis-à-vis the perception of US and regional containment. However, this pursuit of energy security is also reinforcing the regime's authority over the Chinese population, by being able to provide affordable energy to its growing economy. Through energy security, China is maintaining the economy and keeping key leaders in business content, while they are also maintaining the stability within this growing state. From the realist perspective, China is securing the resources needed to defend itself, and taking multiple channels of interaction from liberalism, the regime is also attaining stability by pursuing cooperation in Central Asia. China does not directly challenge Russia, as they do not necessarily have the advantage over them in terms of military technology, however, they instead they aim to influence and be a part of major economic decisions occurring in the region.

Another possible hypothesis would be to suggest that the ethnic unrest experienced in western China was a factor in this strategy of cooperation with the bordering Central Asian states. This hypothesis would suggest internal instability and economic underdevelopment of this region as the key factor in these relations. In this case, appeasing these neighboring states with their claims to what was perceived to be Chinese territory, in exchange, would lead to cooperation by Central Asian

governments in suppressing any attempts by extremists or separatists to collaborate with minority populations in China. Essentially, it would be a method of ensuring the ethnic minorities in Western China did not get support from outside their borders. This hypothesis, I believe, does not factor the importance of external power politics. I believe that linking China's special treatment of Central Asia to strictly internal issues of regime security completely ignores the current external circumstances and balance of power in the region.

The other argument against this hypothesis of internal ethnic tensions being key motivators of foreign policy is the mere presence of hydrocarbons within weaker states. In addition to being neighbors with Russia, China is also neighbor to a large exporter of hydrocarbons and Russia's sphere of influence in Central Asia. Russia's economy is already characterized as being heavily dependent on the exportation of natural resources, and has maintained a dependency towards certain Central Asian states. Due to their vast amount of resources, any attempt at influencing this region would signal heightened interest in this region. Against neighbors who practice strategies of containment, China does not stand to lose much by being firm on territorial disputes, however, in Central Asia, interests are shared with a potential anti-west ally in Russia and therefore China has increased incentive to be transparent about their interests in this region, increased incentive to cooperate with Central Asian states and involve Russia in these affairs to also keep balance with US ambitions in the region.

To operationalize these variables, I will consider the following factors. First, we will consider the growing energy needs in China. We will take an in-depth look at China's current and projected energy needs as well as the current make-up of its energy importing relations. To determine China's needs for energy, we will also look at the government's responses to this security dilemma, by analyzing China's current

endeavors in the diversification of its energy trading partner countries. The more diverse China's current make up of energy supply is, the more secure they would be due to the increased ability to absorb shocks and instabilities. It would not be surprising to see China investing heavily in Central Asia because energy exports would be more secure coming directly over land, rather than being shipped or transported through regions controlled by other actors. Less distance translates to less money spent on securing pipelines and other costly infrastructure, and China being a neighbor means that they have a better opportunity to influence the domestic affairs, specifically the stability of Central Asian states. Analyzing China's patterns of energy import make-up will show how important energy security and specifically diversification is in Chinese external affairs.

I will then review the research done by Fravel in China's behavior in resolving territorial disputes and give evidence showing the importance of external motivations of this behavior. I will do this by specifically noting the differences and similarities in territorial behavior with Central Asian states, to other areas regions neighboring China where the direct access to hydrocarbons may be a factor, or is at least considered to be a motivation for China's firm claims, for example, territorial disputes of the potentially oil-rich South and East China Sea. Here I will be using the level of discord as a measurement tool defined by a low likelihood of making concessions towards disputes, or the threat or use of force against another state, or a lack of compliance towards international agreements as an indicator of this behavior. Therefore a state with a high level of discord will be less willing to concede territory, more willing to use or threat to use force and is more likely to not comply with international agreements and vice versa. This is where we can specifically look to see the importance of external actors, in Russia on one side, and the USA and her allies on the other. Falling in line with

defensive realist thought, cooperation can only be achieved if balancing against a third party. Here I can uncover what China has achieved thus far to keep the USA and the west marginalized in this region's affairs, and how Russia fits into this strategy.

Then I will proceed further into how these territorial disputes facilitated the SCO framework. I will not look into details as to what the SCO has actually achieved thus far, because that is subject to debate and is outside the scope of my research. However, I will take into consideration what the SCO was intended to be as a gauge of the importance for Central Asian courtship. The fact that it was created and had many Central Asian members join shows the level of cooperation in this region. The only problem is that the dynamic of Russia and China, the two main drivers of the SCO, will ultimately determine how successful this organization will become. Because the dynamic seems to show China as increasing in strength and Russia as a slowly declining power, eventually when these countries do not feel like they are equals in this organization, mistrust will begin to rise, again increasing the security dilemma. The motivations behind the SCO and their current strategy path will uncover if indeed this organization is intended to balance against the west or simply facilitate cooperation by members involved.

1.3 Case Study Research

My theoretical framework will be based on case studies of Chinese cooperation with its neighbors. Therefore it will have low-level explanatory power, specifying the particular case of Chinese foreign policy towards Central Asia, but defining the preferential treatment by comparing it to similar indicators of foreign policy strategy with other neighbors. Case studies are effective in understanding the connection between dependent and independent variables, and in testing unique predictions.⁴⁰ The

⁴⁰ Stephen Van Evera, *Methods for Students of Political Research* (Ithaca, Cornell University Press, 1997), 54.

problem with case study research is in choosing the case to be studied. Cases chosen may prove to be unrepresentative, or can be difficult to provide generalizations based on the findings, and as this study is formulated, generalizations will be extremely limited.⁴¹ Due to this limitation, we will be aiming to develop already existing approaches and not venture into creating new ideas or concepts that are not likely to be used in other circumstances.

Using the case studies approach seems to be the most suitable method for testing the hypothesis. Both alternatives, such as an experimental approach would be extremely difficult to create. Large-*n* analysis is a method that is more scientific and could be considered if there were an abundance of data in this regards, but due to the limited scope of this research, case studies would be more favorable in comparing similar and at the same time unique cases of Chinese foreign policy.

1.4 Methodology

In our methodology, it is important to note that using case study research we will be analyzing various situations based on process tracing. Process tracing is a method of logically delineating the causal link between the hypothesized cause and consequence in a step-by-step manner.⁴² Here I will show how the strategies that China is implementing in Central Asia are unique and align with an offensive-defensive realist framework. Using both scholarly work and periodicals, I will give a clear picture of the motivations and intent of China in its relationship with Central Asia, by producing a comparison with its strategy with other neighbors, specifically in the South China Sea.

The data here will be secondary sources, mostly from scholarly journals however there will be some periodicals that I will use. Since I am revisiting research that initially started years ago, scholarly articles are important to this thesis. I will be

⁴¹ Van Evera, *Methods for Students*, 53.

⁴² Van Evera, *Methods for Students*, 58.

examining Fravel's research and looking in hindsight, I will be able to determine how important Fravel's argument is about internal motivations for Chinese behaviors. Essentially I will be taking research from the past and by using process tracing, I will determine if indeed it was successful in explaining phenomenon occurring at the time.

CHAPTER 2: CHINA'S INCREASING ENERGY DEMAND AND RESULTING PURSUIT OF CENTRAL ASIAN HYDROCARBONS

2.1 Background

In the following chapter I discuss Chinese energy demand and engagement in Central Asia stemming from 1997 to the present. We will look specifically into Chinese energy cooperation initiatives with Kazakhstan and Turkmenistan and analyze the motivations of China pursuing agreements with their neighbors to the west. Ultimately my aim is to illustrate examples of their assertive but conceding approach to securing access to oilfields in Central Asia. This chapter will give the reader an idea of how China was able to expand to Central Asia while maintaining good relations with Russia and why this strategy was needed in the first place.

2.2 Chinese Foreign Policy and Value of Central Asia

The balance of offensive and defensive realism can be seen in Chinese foreign policy. Chinese foreign policy aims to secure its interests but at the same time, it is looking to pursue economic cooperation as a focal point of its international relations policy. China has moved away from attaching any kind of political undertones in its relations with other states, instead placing importance on respecting national sovereignty and not meddling in internal political affairs.⁴³ China aims to downplay its rise in a way not to increase tensions with other powers, that is, unless other powers are aiming to constrain them, which is when it seems China becomes more offensive.

One likely explanation of Chinese foreign policy motivations regarding energy security suggests that China looks to curtail any vulnerability to American power.⁴⁴ This idea can re-affirm China's heightened motivations to cooperate with Central Asia. In addition to the fact that they are neighbors, Central Asia does not have as much US presence in Central Asia as the neighbors to opposite side of China, specifically the

⁴³ Tony Tai-Ting Liu and Hung Ming-Te, "China's Foreign Policy in Central Asia," *Journal of Central Asian and Caucasian Studies* 10, (2010): 95

⁴⁴ Lee, "China's quest for oil security," 269.

South and East China Sea regions, which have been the source of many conflicts and stand-offs by China against her neighbors. This idea has been incorporated into Chinese foreign policy,

China's objective is to reduce other nation's ability and willingness to constrain China's influence and freedom of action in international affairs. China thinks US foreign policy is designed to hinder or prevent China's emergence as a great power. US moves in Asia such as the US-Japan Mutual Cooperation and Security Treaty, military sales to Taiwan and military deployments in Central Asia are considered by China to be a containment strategy aimed at constraining Chinese power.⁴⁵

As a response to the US intent to create a system of alliances in East Asia in order to balance Chinese power, one can see why China would aim to create a sphere of influence where the US has no economic or military power.⁴⁶ China must break-free from US influence to truly reach the level of regional power they desire. As a result, China is cooperating with states that are not allied with the US to counter constraints. This is pushing the Chinese to achieve peaceful means of cooperation, because as of now, China has not reached a level of strength to directly challenge US powers in Asia. As a consequence, China still does not act with the intent to directly confront the US, instead, as we will see with the example of the SCO, China aims to counter American constraint peacefully and through multi-level cooperation.⁴⁷

2.3 The Need for Oil

China is indeed a country with the largest challenges regarding the production and consumption of energy among developing states. While the Chinese government has attempted to address the effective management of energy, the sheer growth in heavy industry in China has made the need for energy security a focal point in this country's affairs. Andrews-Speed describes the key factors that affect the Chinese energy

⁴⁵ Tai-Ting Liu and Ming-Te, "China's Foreign Policy in Central Asia," 97.

⁴⁶ Tai-Ting Liu and Ming-Te, "China's Foreign Policy in Central Asia," 97.

⁴⁷ Tai-Ting Liu and Ming-Te, "China's Foreign Policy in Central Asia," 97.

problems as, "...the size of the economy and populations, the rate of growth of its economy, its relatively high energy intensity, the large proportion of coal in the energy mix and the massive and growing impact on the environment, both local and global".⁴⁸ The large proportion of coal being used in China is being attributed as the reason behind environmental degradation, which is why China needs to look for cleaner alternatives such as natural gas, to curb the negative effects of pollution.

China in the 1980s to the early 1990s maintained a level of self-sufficiency with regards to energy. Both the production and dependence on coal, natural gas, and hydro-electricity was relatively high in China during the 1980s and 1990s, leaving China as a significant net exporter.⁴⁹ The situation with oil was different however. From the mid-1980s, the oil industry found difficulties in matching with China's economic growth, "...the oil industry had struggled to raise production at annual rates of just 1-3 per cent per year, and meanwhile consumption was rising at rates of between 5 per cent and 8 per cent per year".⁵⁰

This trend continued through 1993, which was the year that China became a net importer of oil, especially crude oil, as the pace of refinery capacity continued to grow quickly.⁵¹ During the 2000s the energy demand in China grew incredibly, as the output of heavy industry drove the economy into a boom. Any progress with self-sufficiency made with the growth in refining capacity was reversed during the 2000s, as certain secondary industries become world leaders in terms of production. China reached a high level of global output for many of these industries,

...the output of key energy-intensive products rose sharply after the year 2000, and China became firmly established as the world's largest producer of steel (35 per cent of the world output in 2006), cement (48 per cent of world output), flat

⁴⁸ Philip Andrews-Speed. "China's ongoing energy efficiency drive: origins, progress and prospects". *Energy Policy* 37, (2009): 1331.

⁴⁹ Andrews-Speed and Dannreuther. *China, Oil, and Global Politics*, 10-11.

⁵⁰ Andrews-Speed and Dannreuther. *China, Oil, and Global Politics*, 11.

⁵¹ Andrews-Speed and Dannreuther. *China, Oil, and Global Politics*, 11.

glass (49 per cent of world output), and aluminum (28 per cent of world output)”⁵².

The secondary industry outputs were extremely energy intensive, and in 2009, China’s total energy consumption was equal to that of the USA, which was previously the largest energy consumer in the world.⁵³

China’s future energy demand follows much of the world, in the sense that the growth rate of consumption is outrunning the growth of production. In fact, despite government efforts in limiting the use of oil to transport and petrochemicals,

Demand has been rising at an annual rate of 7-9 per cent...while domestic production has been growing by just 1-2 per cent per year. Indeed, 2009 saw a decline in domestic crude oil production by 2.8 per cent, the first annual decline since 1981. Already imports account for more than 50 per cent of consumption.⁵⁴

In addition to this, in 2010, China was the world’s fifth largest producer of oil, and accounted for about 5 per cent of world oil production, however it is projected that the existing proven reserves will not last more than 10 years with current rate of consumption.⁵⁵

China is making efforts to maximize its energy security by placing an emphasis on the capacity to refine crude oil, by investing heavily in upgrading these capabilities.⁵⁶ This has been necessary in order to continue to process ‘sour’ crude oil from the Middle East and to contribute to the increasing demand for oil products.⁵⁷ The dependence for external oil will continue into the future, “Net imports of oil are likely to rise from 220 million tonnes in 2009 to possibly more than 300 million tonnes by 2015 and to as much as 500 million tonnes by 2020. Import dependency could reach 70-80 per cent by 2030,

⁵² Andrews-Speed and Dannreuther. *China, Oil, and Global Politics*, 10-11.

⁵³ Andrews-Speed and Dannreuther. *China, Oil, and Global Politics*, 10-11.

⁵⁴ Andrews-Speed and Dannreuther. *China, Oil, and Global Politics*, 21.

⁵⁵ Andrews-Speed and Dannreuther. *China, Oil, and Global Politics*, 21.

⁵⁶ Andrews-Speed and Dannreuther. *China, Oil, and Global Politics*, 22.

⁵⁷ Andrews-Speed and Dannreuther. *China, Oil, and Global Politics*, 36.

up from 54 per cent in 2009”.⁵⁸ As the growth of the economy occurs, the personal wealth of Chinese citizens has grown as well. Demand for oil in use of automobiles, home appliances and other consumer goods have added to the need for oil.⁵⁹

Due to this thirst for oil, China has resorted to energy security policies that ensure the security and diversification of countries of oil suppliers. China has traditionally diversified their oil supply mainly through bilateral agreements, growing from five partner countries in 1989 to thirty-two in 2005.⁶⁰ China formally began to work with the International Energy Agency 1994, which in more recent times has led China to finally pursue the option of stockpiling oil reserves.⁶¹

The way that China is operating in diversifying their sources of oil shows patterns of engagement with different regions in the world. Firstly, The Middle East remains to be the largest source of crude oil for China, making up approximately 50% of the total crude oil import.⁶² That fact has stayed relatively the same, however, we can see trends in resources that bring to light Chinese endeavors regarding their neighbors and any ambitions they have with the rest of the world. Since approximately 1999, oil export from Africa has increased significantly, going from about 10% to 30% of total crude oil imports in 2008.⁶³ We see a downward trend of dependency in Asia-Pacific crude oil imports, starting at around 20% in 1999 to about 4% in 2008.⁶⁴ The total crude oil dependency in 1999 started at around 7% and has been slowly increasing to approximately 11% in 2008.⁶⁵

⁵⁸ Andrews-Speed and Dannreuther. *China, Oil, and Global Politics*, 10-11.

⁵⁹ Lee, “China’s quest for oil security,” 267

⁶⁰ Jakobson and Daojiong, “China and the Worldwide Search for Oil Security,” 63.

⁶¹ Jakobson and Daojiong, “China and the Worldwide Search for Oil Security,” 63.

⁶² Andrews-Speed and Dannreuther. *China, Oil, and Global Politics*, 68.

⁶³ Andrews-Speed and Dannreuther. *China, Oil, and Global Politics*, 68.

⁶⁴ Andrews-Speed and Dannreuther. *China, Oil, and Global Politics*, 68.

⁶⁵ Andrews-Speed and Dannreuther. *China, Oil, and Global Politics*, 68.

This push for diversification in resource partnerships arrived after the Middle East was proven to be too unstable. The events occurring on September 11, 2001, and the US-led response against Saddam Hussein triggered the need to revision of foreign policy and energy security. Terrorism became an important factor in world politics and had the potential to influence trade and energy supply and demand from the energy-rich Middle East. Terrorism heightened the level of mistrust that international community kept, including China, in the security of oil in the Middle East.

The Chinese need for oil is part of a serious global trend that other largely populated developing countries may experience soon, as increased industrialization in tandem with depleting hydrocarbon supply would facilitate similar foreign policy initiatives. What is striking, is that the trend is growing for resource diversification, however, China is not looking to maintain cooperation with her Asia-Pacific neighbors. The Asia-Pacific region is dominated by other regional powers, and China, in order to secure its energy resources, is therefore aiming to trade with states who do not pose a direct threat. The Asia-Pacific region is also tied closely with the US, whom is another actor that China does not wish to trust its energy security with. The presence of the US, the history of containment strategies, and the potential insecurity of transport through foreign and international waterways have pushed China to look inland for more energy partnerships.

2.4 China's Recent Oil Ambitions

China has aimed to increase their energy security by creating long-term agreements with these major oil-producing regions. They have used large-scale economic agreements and various diplomatic undertakings to secure cooperation in these regions. For example, in 2009, China's government lent Kazakhstan US \$10 billion with two explicit goals. The first was to secure future oil supplies. The second

was to allow the Kazakh state company, KazMunaiGas, and CNPC to jointly purchase the independent Kazakh oil producer, MangistauMunaiGas.⁶⁶

Another important priority of Chinese foreign policy was to construct viable infrastructure to transport oil to China. China has aimed to increase transport networks from Russia, Myanmar and Central Asia with two important motivations at play,

These pipelines have three objectives: first to bring oil and gas from key neighbouring suppliers to China by a direct; second to reduce China's dependence on seaborne imports and thus its vulnerability to disruption of shipping anywhere in the world; and finally, in the case of the pipelines through and from Myanmar, to reduce dependence on the sea lanes off south and east Asia, especially the Malacca Straits through which some 80 per cent of China's oil imports flow.⁶⁷

The construction of the pipelines leading from Russia was delayed, therefore China initiated projects with Kazakhstan, starting in 2003, when China and Kazakhstan agreed to construct a pipeline to western China.⁶⁸ It was completed in 2005 with an initial capacity of 10 million tonnes per year, with an increase to 20 million tonnes per year in 2012.⁶⁹ In addition to China's ambitions in Central Asia, China aided in the construction of an additional pipeline stemming from Turkmenistan, with an initial capacity of 4.5 billion cubic metres in 2009, and with the aim of increasing to 30 billion cubic metres by 2013.⁷⁰

While meddling in business deals with Canada, South America and Southeast Asia, Chinese National Oil Companies expanded and cooperated with Central Asian NOCs. For example, China National Petroleum Corporation reinforced its position in Kazakhstan by joining forces with the Kazakh state oil company to purchase

⁶⁶ Andrews-Speed and Dannreuther. *China, Oil, and Global Politics*, 70.

⁶⁷ Andrews-Speed and Dannreuther. *China, Oil, and Global Politics*, 70.

⁶⁸ Andrews-Speed and Dannreuther. *China, Oil, and Global Politics*, 70.

⁶⁹ Andrews-Speed and Dannreuther. *China, Oil, and Global Politics*, 70.

⁷⁰ "Kazakhstan starts first phase of gas pipeline to China", Interfax News, last modified December 2009, accessed May 20, 2014, <http://interfax.com/newsinf.asp?y=2009&m=11&d=5&pg=2&id=135889>.

MangistauMunaiGas, and the Sovereign Wealth Fund of China entered the oil and gas business by purchasing Nobel Oil and as a result, gaining access to three oilfields in Russia and by purchasing an 11 per cent in KazMunaiGas of Kazakhstan.⁷¹

The trends show China is looking elsewhere for energy, including the push for cooperation in regions of the world where the US has little influence. One could argue this is a method of counterbalancing US global influence, but before China can truly look abroad, they must establish themselves in their own region. We will look into China's relations with Central Asia in the following section.

2.5 Rekindled Interest In Kazakhstan

Certain security analysts believe that the threat of the US military influence in the Middle East and the possibility of this influence continuing to Central Asia was the main motivator for China aiming to increase their regional cooperation in Central Asia. Specifically, some analysts suggest China believes the US follows a dual political agenda for Central Asia, thereby containing Russia and China at the same time, while achieving their anti-terrorism goals.⁷² This would explain China's renewed interest in Central Asia and could also explain the willingness to concede to states in this region, which I will discuss in the next chapter. Plans to construct a pipeline from Kazakhstan to China were originally shelved, due to uncertainty in the quantity of reserves in the region, the fall of international oil prices in 1997, and the mounting cost of constructing the pipeline.⁷³ China began to pursue access to the oil fields in westernmost Kazakhstan, agreeing to pay US\$615 million to purchase an 8.33 per cent stake in the North Caspian Sea Project from the British Gas Group, however this purchase was blocked by Royal Dutch/Shell and its partners.⁷⁴ In the early 2000s, Russia decided to

⁷¹ Andrews-Speed and Dannreuther. *China, Oil, and Global Politics*, 74.

⁷² Lee, "China's quest for oil security," 270.

⁷³ Lee, "China's quest for oil security," 271.

⁷⁴ Keith Bradsher, "Chinese company to buy stake in big Caspian oil field," *The New York Times*, last modified, March 08, 2003, date accessed May 21, 2014,

postpone plans for the construction of a pipeline from eastern Siberia to the Daqing oil refineries, China immediately decided to speed up negotiations with Kazakhstan regarding the construction of the oil pipeline in the late 1990s, which led to the creation of the Atyrau-Alashankou pipeline. Initiated in December 2005, China's first direct oil import project covers a distance of 2,228 km and transports 200,000 barrels of oil per day, with a projection to increase up to 500,000 barrels per day by 2020.⁷⁵ Kazakhstan and China came out of this deal with mutual gains. Kazakhstan decided to cooperate in the context of a reluctant Russia in terms the willingness to expand the Caspian Pipeline Consortium pipeline, and a projected increase in domestic oil output to 150 million tonnes after 2015.⁷⁶ China was essentially 'courting' Kazakhstan, with diplomatic and large-scale economic incentives in order to achieve cooperation. These large-scale investments showed the priority of Chinese NOCs to operate and establish in Central Asia. This type of behavior continues in Turkmenistan.

2.6 Energy Ambitions in Turkmenistan

The Atyrau-Alashankou pipeline was such a success for both parties that China added to their ambitions in Central Asia by unveiling the Central Asia-China gas pipeline⁷⁷ consisting of a two-trunk pipe design, one running from western Kazakhstan to western China, and the other running from Turkmenistan to China through Uzbekistan and southern Kazakhstan.⁷⁸ These US\$6.5billion pipeline systems were responsible for increased gas exports from Turkmenistan to China, starting at 17 billion cubic metres of gas in 2011, up to approximately 30-40 billion cubic metres in 2012

<http://www.nytimes.com/2003/03/08/business/international-business-chinese-company-to-buy-stake-in-big-caspian-oil-field.html>.

⁷⁵ Yenikeyeff, "Energy Interests of the 'Great Powers' In Central Asia," 70.

⁷⁶ Yenikeyeff, "Energy Interests of the 'Great Powers' In Central Asia," 70.

⁷⁷ Also known as the Trans-Asia pipeline or the Turkmenistan-China pipeline.

⁷⁸ Yenikeyeff, "Energy Interests of the 'Great Powers' In Central Asia," 70

and 2013.⁷⁹ This is then connected to the domestic pipelines that China has created, connecting the western regions to the east.⁸⁰

The persistent and grand-scale agreements by China to introduce a level of cooperation with Central Asia illustrate the foreign policy strategy that China is pursuing. This chapter covered the perspective of the Chinese in these relations, showing the increasing need of hydrocarbons, and the quick turnaround to Central Asian cooperation. As this chapter has shown, Chinese-Central Asia relations can be characterized by large investments by China and Chinese firms to penetrate and control vast portions of Central Asian hydrocarbons. This strategy seems to be effective in the fact that it does not give the sense that China is looking to take over control of hydrocarbons, but instead they are also looking to invest heavily in these Central Asian states. Despite China's cooperative behavior in Central Asia, Central Asia still views Chinese investment and influence as potentially invasive. Local inhabitants have not necessarily been the most welcome to Chinese business, and to the resulting influx of seasonal and migrant Chinese workers. These feelings reached such a high level of public concern that a few Members of Parliament in Kazakhstan expressed such issues through official documentation.⁸¹ The dynamic here is quite interesting. Economically, Central Asia benefits from agreements with the Chinese, but is traditionally cautious with allowing too much Chinese influence. Therefore the Chinese are spending heavily to facilitate this cooperation and to provide enough incentive for Central Asia to proceed with cooperation. This chapter illustrates that energy security in Central Asia is of extreme importance, and maintains a high priority in Chinese foreign policy focus. The Chinese are truly going above and beyond to cater to the states in this part of the

⁷⁹ "Turkmenistan to Export 30 bln Cubic Metres of Gas to China in 2012", ITAR-TASS News Agency, last modified 25 May 2011, accessed on May 25, 2014, <http://www.itar-tass.com/en/c36/150291.html>.

⁸⁰ Yenikeyeff, "Energy Interests of the 'Great Powers' In Central Asia," 70.

⁸¹ Yenikeyeff, "Energy Interests of the 'Great Powers' In Central Asia," 70.

world, which is different than how they approach other neighbors. Taking this heavy investment behavior into account, in the next chapter, I will analyze Fravel's research into Chinese territorial disputes and find what patterns of cooperation and patterns of discord can follow or align Chinese economic strategies in this region.

CHAPTER 3: ANALYSIS OF FRAVEL'S WORK ON CHINESE TERRITORIAL DISPUTES AS A FOUNDATION FOR SCO COOPERATION

3.1 Background

In the following chapter I provide a different analysis on M. Taylor Fravel's research of Chinese territorial dispute settlement patterns. Fravel uncovers unique patterns of Chinese compromise on territorial disputes. Taken as a whole, Fravel points out that the areas where China compromises the most are those bordering China's western frontier with the most ethnic minorities and the most unrest occur. Fravel concludes that these compromises are due to internal motivations rather than external ones. I show that while these internal motivations may have been taken as the cause for this foreign policy behavior, in the long-term, was due to energy security, and the facilitation of good relations with Central Asia. Arguing against diversionary war theory, which suggests that regimes will look to 'create' and engage an external enemy as a diversion from internal tensions, Fravel uses this internal strife as the possible basis for what he calls 'diversionary peace'. This concept suggests that regimes will look to cooperate and compromise with external actors in an attempt to gain external solidarity and support to quelling domestic strife.⁸² Fravel uses the Uyghur ethnic unrest in Xinjiang, China as one of his case studies to prove that the regime conceded a large amount of their territorial claims in order to quell separatist unrest in China's frontier regions.⁸³

Specifically, Fravel's research allows for the analysis of Chinese territorial disputes with other neighbors, especially those disputes within the South and East China Sea. As Fravel points out, it is unique in the sense that there an estimation that hydrocarbons would have been found in both Central Asian territorial claims and within

⁸² Fravel, "Regime Insecurity," 49.

⁸³ Fravel, "Regime Insecurity," 50.

territory claimed by China in the South China Sea. However, China has responded quite differently in both situations. In the South China Sea, China has stood firm with their territorial claims, at times flashing their military strength in full view of their opponents, meanwhile in Central Asia, China has ceded a large amount of their claimed land it seems, in order to foster cooperation.

Using territorial disputes as a case study of foreign policy behavior, we can compare and infer underlying motivations to these differing approaches of foreign policy behavior. We will conclude this chapter by comparing the different external factors and shed light on how this behavior has facilitated cooperation and has fed into Chinese foreign policy and Chinese energy policy strategy today.

3.2 Historical Relations with Russia

The Chinese have a long history of negative relations with imperialist powers in Europe throughout history, and as a result they have traditionally maintained a level of distrust to the west. China still views the Russians as an aggressor and hegemon, as a result of the years of on and off conflict between the two emerging powers. Many of the territorial disputes that Fravel uses to infer foreign policy motivations was a result of China's long history negative relations with imperial Europe. Events such as the defeat in the Opium Wars were part of the trend of European powers carving out regions of China. There were nineteen unequal treaties that were signed such as the Treaty of Aigun 1858 and the Treaty of Beijing 1860, which seized approximately 1.5 million square kilometers of land from China, mainly parts of northwestern Xinjiang and territories in the Amur and Ussuri river regions.⁸⁴ Russia also took part in the quelling of the Boxer Rebellion in 1900 and as a result assumed control of major railways and seaports including rights to run railroads in Manchuria.⁸⁵ The Russian defeat in the war

⁸⁴ Eder, "China-Russia Relations in Central Asia," 16.

⁸⁵ Eder, "China-Russia Relations in Central Asia," 16.

against Japan in 1905 signaled the end of Russian territorial ambitions in China, but left the region with disputes.⁸⁶ Some of these disputes still remain, even though formal demarcation has occurred, and it is believed that this is the reason for China to maintain the perception that Russia is an aggressor and the reason that Russia maintains an idea of superiority.⁸⁷

After the Communist revolutions that occurred first in Russia, then in China, there was what is commonly referred to as the ‘honeymoon’ period, between the two. Here, after suffering through casualties and destruction during the war against Japan, China looked to wholeheartedly join the socialist cause in order to receive benefits by the Soviet Union to put towards their post-war restoration effort.⁸⁸ Therefore a new hierarchical relationship emerged, with the Soviet Union being the ‘big brother’ of China.⁸⁹ Mao Zedong and Nikita Khrushchev grew to detest each other in the midst of disagreements and the halting of aid.⁹⁰ Clashes on the borders then followed and defined this relationship, which led to the Chinese looking for US support, as they were afraid of possible invasion by the Soviets.⁹¹

The history of the Sino-Soviet split and tradition of cold relations between China and the Soviet Union brought with it territorial disputes that were at the time, non-negotiable between both sides. The collapse of the Soviet Union and the coinciding net-importer status of China in terms of energy, led for the possibility for a new start to relations in Central Asia, as one side, China with energy needs against the other, newly independent states looking for the first time, outside of Russian influence. Progress and

⁸⁶ Eder, “China-Russia Relations in Central Asia,” 16.

⁸⁷ Eder, “China-Russia Relations in Central Asia,” 16.

⁸⁸ Eder, “China-Russia Relations in Central Asia,” 17.

⁸⁹ Eder, “China-Russia Relations in Central Asia,” 17.

⁹⁰ Eder, “China-Russia Relations in Central Asia,” 18.

⁹¹ Eder, “China-Russia Relations in Central Asia,” 18.

normalization of relations was made while under Gorbachev, as the tensions at the borders were relieved, “

The Soviet Union began to withdraw troops from Afghanistan and from the Chinese border... both regimes agreed to settle their border issues – with a first agreement on the eastern part signed in 1991 and ratified one year later by the Russian and Chinese parliaments, to reduce troop levels in border regions and to no longer use force in their interactions.⁹²

It is interesting to note here, the underlying feelings towards each other. As former Chinese ambassador to the Soviet Union Li Fenglin suggests, the reason for the souring of ties between the Soviet Union and China was simple, “the substance of the issue is that the Soviet Union did not treat China on equal footing”.⁹³ It takes time for this kind of superiority complex to change. However, given the fact that China is a rising power with the potential for global economic dominance, Russia has had to approach relations with China with this in mind. Therefore the territorial disputes that China had with Russia were settled, and a new opportunity for cooperation was born. At this point certain territorial disputes that China maintained with the Soviet Union were left over to some Central Asian states, which provided China with another opportunity to satisfy their energy security goals.

3.3 China's Territorial Disputes

Territorial disputes are being used in this chapter to determine the motivations behind the strategies of Chinese foreign policy. The case study shows that since 1949, China has settled seventeen of its twenty-three territorial disputes, while offering substantial compromises, often receiving less than 50 per cent of the contested land.⁹⁴ As was mentioned in the previous section, China's history of being forced to cede land to foreign powers and the fundamental role of unification in modern Chinese history

⁹² Eder, “China-Russia Relations in Central Asia,” 20.

⁹³ Eder, “China-Russia Relations in Central Asia,” 18.

⁹⁴ Fravel, “Regime Insecurity,” 46.

leads us to believe that control over territory holds more than just a geo-political goal for the Chinese regime. Control over its claimed territory is a symbol of nationalism and of state-building for China, and in certain disputes, it seems this is the motivation for Chinese behavior in this regards. However, Fravel's research points out that this has not been the case, especially with regards to Central Asia. A state's behaviour in territorial disputes is a fundamental indicator of whether a state is pursuing status quo or revisionist policies.⁹⁵ In the case of China, Fravel gives the argument that these unexpected compromising behaviours by China serves to secure the authority of the regime, specifically in regions where it is the weakest.⁹⁶ The areas where the largest compromises were made are situated in the west of China where there is a history of separatist violence in the mainly ethnic Uyghur province of Xinjiang.⁹⁷ Fravel's research points out the Chinese territorial disputes resolved with Russia, which involved for the most part, even divisions of territory between the two. For example, in disputes with Russia regarding the eastern borders, which encompassed approximately 1000 km², China received 52 per cent of the river islands that were disputed, and any other land was divided evenly.⁹⁸ In disputes with Russia on the western front, agreements were made on the historical contestation of land, dividing the territory based on the line of actual control.⁹⁹ Old disputes initiated with the Soviet Union were also resolved, regarding the strategic islands of Abagaitu and Hexiazi, which were divided evenly between the two.¹⁰⁰

In disputes with China's other neighbours, amassing a total of approximately 22 km² regarding the Paracel Islands, Spratly Islands, and Senkaku Islands, the disputes

⁹⁵ Fravel, "Regime Insecurity," 47.

⁹⁶ Fravel, "Regime Insecurity," 50.

⁹⁷ Fravel, "Regime Insecurity," 51.

⁹⁸ Fravel, "Regime Insecurity," 51.

⁹⁹ Fravel, "Regime Insecurity," 57.

¹⁰⁰ Fravel, "Regime Insecurity," 57.

are all still active and as of now there has been no resolution to these contestations.¹⁰¹

Japan and China have a history of cold relations, and in terms of regional energy security, this is no exception.

The competition over oil between China and Japan unfortunately renews tensions and distrust between the two Asian powers. On the one hand, Japan feels threatened by China's ballooning growth for oil and gas imports, which would make it less able to find sufficient energy resources in the international market... On the other hand, China is so paranoiac that it views Japan aims not only to strengthen its political clout in East Asia but also to contain China.¹⁰²

These fears by China do not come necessarily unwarranted. In August 2004, Japan signed an agreement with Kazakhstan, Kyrgyzstan, Uzbekistan and Tajikistan, which would allow for Japan to provide economic aid to these Central Asian states, in return for various forms of cooperation, including energy.¹⁰³ Lu Nanquan, a vice director of the Russian Research Centre at the Chinese Academy of Social Sciences in Beijing believes that, "Japan's moves in Central Asia aim at weakening China's stable economic growth by threatening its energy security and at adversely affecting the strategic partnership between China and Russia".¹⁰⁴ In this particular case, China and Japan both have competing views of the ownership of the Senkaku/Diaoyu Islands, and the demarcation line of the Exclusive Economic Zone in the East China Sea as per the United Nations Convention on the Law of the Sea. The conflict rose from a Japanese concern that the construction of oil rigs by China was too close to the Japanese EEZ, and even though the rigs were technically on the side of the Chinese, Japan claimed that China had access to oil reserves within the Japanese EEZ.¹⁰⁵ The other important factor is that the East China Sea is estimated to hold approximately 6-7 billion tonnes of oil

¹⁰¹ Fravel, "Regime Insecurity," 57.

¹⁰² Lee, "China's quest for oil security," 283.

¹⁰³ Lee, "China's quest for oil security," 283.

¹⁰⁴ Lee, "China's quest for oil security," 283.

¹⁰⁵ Lee, "China's quest for oil security," 284.

and gas.¹⁰⁶ Another incident occurred when Japan allowed two of its oil firms to drill for oil and gas in the disputed region of the South China Sea.¹⁰⁷ The US commented on the disagreement that erupted, urging the two countries to exercise restraint over the issue. Although the US claims that it is non-partisan in this dispute, it is rather believed by China that it is part of Japan's national strategy to side with the US to contain China.¹⁰⁸ It is clear to see why the disputes are still active here and the level of mistrust is high and the security dilemma is prevalent. Feeling threatened, China has reacted by standing firm on these territorial disputes. Similar behavior is seen with the disputes in the South China Sea.

Because China is situated in a region with multiple transitioning countries in energy security is a universal issue that is being addressed simultaneously by multiple actors in the South China Sea area, such as Indonesia and the Philippines. The growing demand for control over the South China Sea is defined by two major factors. The first factor is the will by neighboring states in the region to have access to the potential offshore oil and gas reserves, thereby limiting the need for imports. And secondly, countries that are critically dependent on energy imports rely on this passageway through the South China Sea in order to receive energy supplies.¹⁰⁹ The dispute over the Spratly Islands archipelago located in the South China Sea serves as one of the main 'battlefields' of this dispute. China, Malaysia, the Philippines, Taiwan and Vietnam have all established military bases on these islands, with a history of violence between these forces.¹¹⁰ The key importance to claiming these small islands lie in the fact that a successful claim could also give the winning state a legitimate claim to the surrounding

¹⁰⁶ Lee, "China's quest for oil security," 284.

¹⁰⁷ Lee, "China's quest for oil security," 285.

¹⁰⁸ Lee, "China's quest for oil security," 285.

¹⁰⁹ Micheael T. Klare, *Resource Wars: The New Landscape of Global Conflict*, (New York, Henry Holt and Company LLC., 2001), 111.

¹¹⁰ Klare, *Resource Wars*, 111.

waters. At one point, both the Philippines and Japan appealed to the US for military support in maintaining their claims to these islands.¹¹¹ This is evidence of the containment strategies that neighbors of China are using to counter Chinese power in the region. In November 2002, China signed an agreement with the ASEAN that detailed a code of conduct for confidence building in the South China Sea region, with no real procedures for dispute settlements.¹¹² Eventually in 2004 Chinese and Filipino state oil companies reached an agreement that would allow for joint efforts in oil exploration on the seabed, which was met with discontent by Vietnam and other states that lay claim to these islands.¹¹³ In addition to these contested regions, China also has to worry to some extent about the Strait of Malacca, where approximately 80 per cent of China's energy imports passes through.¹¹⁴ Admiral Thomas Fargo, commander of US Pacific Command, proposed a Regional Maritime Security Initiative, which would allow the US, along with Singapore, Malaysia and Indonesia to create joint patrols of the Strait, in the name of security and anti-terrorism.¹¹⁵ Some analysts in China believed that this would be an opportunity for regional competitors including the US to lay the foundation for eventual dominance of the shipping lane and therefore threaten Chinese energy security.¹¹⁶ China has maintained a strategy of reducing dependence on this particular shipping lane, for fear that the US would one day control the Strait, by looking to possible alternative shipping solutions, namely constructing pipelines through Pakistan or Burma, but these initiatives would be either very costly, or would

¹¹¹ Klare, *Resource Wars*, 112.

¹¹² Lee, "China's quest for oil security," 285.; Fravel, "Regime Insecurity," 62.

¹¹³ Lee, "China's quest for oil security," 285.

¹¹⁴ Lee, "China's quest for oil security," 286.

¹¹⁵ Lee, "China's quest for oil security," 286.

¹¹⁶ Lee, "China's quest for oil security," 286.

need to pass through unstable regions of the world for example, Kashmir province in Pakistan.¹¹⁷

The previous sections have described the current situation of China with other neighbors in potentially oil-rich regions around China. These regions are seen to be problematic for China due to other regional powers vying for the same resources, and the fact that some of the contesting states are allied with the US who to some, also have an interest in keeping China's regional powers in check. China's fierce attitude towards other claimants of territories in the South and East China Seas comes to an abrupt halt when China looks towards Central Asia. In terms of resolving territorial disputes, some of the biggest concessions that China has made involved Kazakhstan, Kyrgyzstan and Tajikistan. The dispute with Kazakhstan was over approximately 2,420 km² in total, and in the end China received only 22 per cent of the disputed land.¹¹⁸ In the dispute with Kyrgyzstan, China received 32 per cent of total area of approximately 3,656 km².¹¹⁹ Finally the dispute with Tajikistan left China with 4 per cent of the Pamir mountains region, and the rest of the 28,430 km² was distributed evenly.¹²⁰ Fravel believes that the key motivator to these substantial compromises is due to the sustained separatist conflict, in the form of an unprecedented amount of demonstrations, bombings, assassinations, and armed clashes with security forces of the central government, experienced in the region of Xinjiang during the 1990s.¹²¹ Cooperation with the three Central Asian states was needed because,

...China needed cooperation with its neighbors to prevent the spread of pan-Islamic and pan-Turkic forces to the region, limit external support for separatists within Xinjiang, and increase cross-border trade as part of a broader strategy to reduce tensions among ethnic groups through development.¹²²

¹¹⁷ Lee, "China's quest for oil security," 286.

¹¹⁸ Fravel, "Regime Insecurity," 57.

¹¹⁹ Fravel, "Regime Insecurity," 57.

¹²⁰ Fravel, "Regime Insecurity," 57.

¹²¹ Fravel, "Regime Insecurity," 78.

¹²² Fravel, "Regime Insecurity," 79.

This may have been an important short-term goal for the Chinese regime in consolidating power in this region, however, these territorial disputes do in fact coincide with the timing in Chinese foreign policy of looking elsewhere to satisfy energy security needs. With the dynamic relations with Russia, Japan and ASEAN nations, and the prospect of US influence where most of the China's energy imports pass through, cooperation with Central Asia was a natural reaction to the situation at the time. Central Asian oil and gas could be the most secure region for China's energy dependencies. And in fact, cooperation with these states allowed for China to solidify foundations for a regional organization operating outside of US influence, and made up of states that traditionally do not view the US as an ally, within the Shanghai Cooperation Organization.

3.4 Facilitating the Shanghai Cooperation Organization

China finds itself in a precarious situation, situated with weary neighbors who are afraid for their own sake of the projected economic and military rise that China should experience. While experiencing this type of treatment, the simple fact that China needed to find way to fuel its growth, it seems logical that China would seek out cooperation with oil-rich states who are too weak to challenge China and look to solidify their sphere of influence towards this vital region, untouched by the US. The SCO was established in 2001, consisting of Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and China, with Iran, India, Mongolia, and Pakistan listed as observer states.¹²³ The SCO was created with the goal of bringing together a security and trade cooperation framework within Eurasian states, with China being a forefront agenda-setter and policy maker in this organization.¹²⁴ The SCO has focused on

¹²³ Jagannath P. Panda, "Beijing's Perspective on Expansion of the Shanghai Cooperation Organization," *Asian Perspective* 36 (2012): 494.

¹²⁴ Lanteigne, "Chinese Foreign Policy," 8.

confidence-building measures and measures to combat the ‘three evils’: terrorism, extremism and separatism.¹²⁵ This organization has undertaken joint military exercises, intelligence-sharing initiatives and other forms of counter-insurgency cooperation.¹²⁶ The SCO also gave China more opportunities to seek their strategies of using both bilateral and multilateral approaches to seeking *rapprochement* based upon the idea that cooperation would entail mutual benefits for those involved.¹²⁷ The SCO in theory gives China many positive aspects to cooperation. First and foremost, access to hydrocarbons through transparent negotiations leaves Central Asia and Russia feeling more secure about China’s involvement in the region. Secondly, the potential security framework would give China, along with the member states an opportunity to be collectively responsible for regional stability. This in fact would allow for China to keep control over both internal threats of separatism, and the external threat to energy security by taking control of regional security problems.

Essentially, the Chinese strategy of conceding land claims in Central Asia was a method of acquiring the willingness to cooperate with Central Asian states, by displaying their ‘lack’ of predatory behavior. China, being able to create an organization like the SCO, brings along with it transparency in its geo-political motivations, and allows China to grow into a regional power naturally, and with the reluctance of other states in halting a progress that they feel is not necessarily dangerous to them.

¹²⁵ Amitav Acharya, “Common Security With Asia,” *International Policy Analysis*. Friedrich Ebert Stiftung. (December 2012): 2.

¹²⁶ Acharya, “Common Security with Asia,” 2.

¹²⁷ Acharya, “Common Security with Asia,” 20.

CONCLUSION

It is quite interesting to note here, the importance of hydrocarbons in shaping geo-political power structures. The search for energy security has the power to fundamentally change a state's foreign policy behavior, sometimes in extreme ways. This thesis began with the question of why China's foreign policy was extremely accommodating to one set of neighbors, and then completely predatory to another set of neighbors. As a response to Fravel's argument of the importance of internal motivations, I have depicted the importance of external factors in shaping Chinese foreign policy. I do agree that in the case of China, regime security is also an important part of Chinese foreign policy, however not exactly in the same way that Fravel presents his argument. In my argument, regime security is important, but also heavily influenced by external dependencies, such as the need for energy security. Energy security contributes to the economy and daily life of the individual. Those in power in China cannot afford to have large-scale disruptions in the economy or for example, costly energy for heating, or transport, for fear of potential instability and unrest. In democratic countries, if a government cannot provide for its citizens properly, then a new one can be elected. The Chinese political structure does not allow for this type of turnover in government. Therefore if instability occurs, there is potential for unrest and turmoil. The events of Tiananmen Square showed us some of the potential social unrest that the Chinese people can amass to when they feel wronged. The events that occurred in Tiananmen Square have not been forgotten, and the violent treatment of the government towards its protesting citizens has for a long time painted the Chinese regime under a negative light. Therefore, to avoid anything happening like this again,

energy security, along with the general well-being of Chinese citizens and economic prosperity is a forefront strategy to maintain the legitimacy of the regime in power.

In terms of the finding the motivations of the Chinese state in its foreign affairs strategies, I have illustrated key external factors that I believe have pushed China to act in this way. Firstly, the need for energy security and diversification is extremely important to a country like China, who needs to fuel huge economic output, and will continue to do so in the many years ahead. The other key factor is the presence of regional powers aiming to contain China. This strategy has been mainly facilitated by regional powers including Japan, Indonesia, and the US. Since these countries have purposefully acted in ways that have made China feel isolated or too dependent, it is only natural that China aims to find other places that it could ensure the longevity of its energy supply with. This region is Central Asia, however one cannot hope to gain the cooperation from Central Asia without consulting the regional power Russia first. Therefore in one grand strategy, China ceded large portions of their land claims to certain Central Asian states, and introduced heavy investment in this region of the world in order to gain their trust and to keep their intentions as transparent as possible. This behavior helped facilitate the SCO as an organization that would also satisfy Russian interests in the region as well, acting as a forum and a collective approach to tackling regional problems together. All of these behaviors exhibited by Chinese foreign policy decision-makers have facilitated this friendship in this part of the world in order to achieve their goals of energy cooperation, however, acting in a defensive realist way, China made absolutely sure they did not overstep their boundaries in achieving energy security in the region. They made sure to reach as far as possible given the circumstances, and never aimed to alienate Central Asia as a potential second Middle East in terms of hydrocarbons. Therefore I firmly believe that internal factors of

quelling domestic strife played a smaller role to the larger external idea of energy security in a region where many neighbors tend to be hostile, and where oil and gas is the vital commodity that the whole world is fighting for.

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