

Refereed article

China's New Energy Geopolitics: The Shanghai Cooperation Organization and Central Asia

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Summary

As China is dependent on oil and gas imports to maintain its high growth rates, the Shanghai Cooperation Organization (SCO) and Central Asia have become increasingly important for the country's economic development. In May 2014, China and Russia signed a new gas deal, for example, and in recent years China has been able to improve its energy security by making several oil and gas agreements with Central Asian countries. This paper focuses on the growth of trade in energy resources from Central Asia and Russia to China. It discusses why energy security, Central Asia and the SCO are so important to the Chinese political elite. Is the PRC's energy security leading to a shift of geopolitical power in the region and what advantages and disadvantages can this shift have for the various parties concerned? The paper shows that the balance of power in the region has basically shifted in China's favour.

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Introduction

In May 2014, Russia's Gazprom and China National Petroleum Corporation (CNPC) signed a long-term gas contract. As a result, Russia will supply 38 billion cubic metres (bcm) of natural gas a year to its eastern neighbour China starting around 2018. To achieve this, a pipeline from eastern Siberia to north-east China is to be constructed. The deal has been ten years in the making. Over this period, China has found other gas suppliers, including Turkmenistan and Myanmar, who started to export natural gas to China in 2013 (BBC 2014). Additionally, Kazakhstan has become one of China's most important oil suppliers as China's first direct oil-import pipeline to Kazakhstan is allowing oil to be imported from Central Asia. The PRC has been able to diversify its energy imports in recent years, fundamentally reducing its dependence on the Middle East and on shipping routes like the Strait of Malacca.

Central Asia again needs to be viewed through the prism of geopolitics as it was entangled in the 19th century's struggle between the colonial British and Tsarist Russian empires for dominance in Eurasia, known as the "Great Game" (Das 2013: