

Chapter 9

Central Asia's Role in China's Energy Security: Challenges and Opportunities

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ABSTRACT

Central Asia has gained extraordinary importance in recent years in the framework of global energy security. China is the most significant example of a power that looks to its periphery as a viable option for energy supply. In Central Asia, Chinese companies are dynamic players having even broken the long Soviet and Russian monopoly over regional pipelines. This chapter examines the importance of the region within China's energy security, while not overlooking the potential contribution of the China-Pakistan economic corridor in the energy transit. In addition, Central Asia is likely to help China reduce the energy deficit in Xinjiang, through the import of hydroelectricity generated in Tajikistan and Kyrgyzstan. Although Central Asia's contribution to global energy security is low, it matters in a context of energy diversification, in which China's One Belt One Road brought a more promising dynamics to the cooperation between Beijing and Central Asian countries.

BACKGROUND

Central Asia has often been neglected by many political commentators, although the region offers extraordinary opportunities to help China mitigate the impact of the so-called Malacca Dilemma. The latter refers to the Chinese economy's excessive reliance and vulnerability to pressure at the Straits of Malacca. Much of China's oil

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comes from West Asia and Africa and around 80 percent of this passes through the Straits of Malacca. Should the Straits of Malacca be threatened or come under the influence of hostile states, China's trade could be choked. The resulting energy crisis could paralyze its economy. The fear of a maritime blockade—in vital chokepoints, as Malacca—by rival powers (United States, Japan, India...), has led China to prioritise the energy issue, raising it to the level of threat to the national interest. This explains the *Going Abroad* policy, whereby the Chinese National Oil Companies (NOCs) are encouraged by the Government to acquire the maximum possible participation in consortia, oil exploration rights, equity oil, and foreign oil companies.

In this sense, the main contribution of this chapter for the development of Science is to make known the role of Central Asia within the framework of the initiative to diversify the sources of energy supply, which China has carried out since 1993, when the country stopped being an oil exporter and started importing this resource from various parts of the world. Among the challenges and opportunities that Central Asia is likely to offer to China, attention will be paid not only to the case of oil and natural gas, but also of water. This is, in practice, another fundamental contribution that this chapter aims to provide to a reader who is generally more used to understanding the importance of the region as strictly associated with oil and gas production, neglecting the other major energy added value of Central Asia: water and the resulting ability to generate electricity from it. Apparently insignificant states in terms of oil and gas production, such as Kyrgyzstan and Tajikistan, are, however, upstream countries with regard to the existing water resources in the region, holding a remarkable potential for hydroelectricity production. As such, and because China's energy needs are not confined to oil and gas, Central Asia can be important in the supply of electricity to China's remote regions which are affected by a high energy deficit, such as Xinjiang, where electricity failures sometimes last for several consecutive hours daily. Another goal of this chapter is to explain the relevance of the so-called China-Pakistan Economic Corridor, susceptible to drain more quickly Central Asian energy production to world markets, and, at the same time, to allow the oil from abroad to arrive to China without having to cross long and sensitive sea routes.

The goals listed above get a greater relevance in a context in which China is committed to make Central Asia a crucial component of its *One Belt One Road* (OBOR). Beijing sees the OBOR as a way to find new markets, to reduce the imbalance of development between its coastal provinces and the poor interior, and to preserve national stability (Yang, 2016). Under the aegis of the OBOR, Chinese political leaders have promoted the creation of important hubs in remote provinces in China, such as Chongqing, Kunming, Xi'an, Xining and Chengdu, which have modern logistics infrastructures that allow a quick connection to the major coastal cities of the country (Lim *et al.*, 2016). Another important goal of the OBOR is

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