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**PARTICIPATION OF THE PRC IN THE DEVELOPMENT OF THE OIL AND GAS INDUSTRY IN
KAZAKHSTAN, TURKMENISTAN AND OTHER COUNTRIES OF THE CENTRAL ASIA IN
1990–2016: FOREIGN POLICY AND ECONOMIC FACTORS**

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Abstract

In the late 1980s and early 1990s, the military- political and economic situation in the world had changed radically. The Berlin Wall fell ,The Warsaw Treaty Organization (WTO) stopped its existence, the socialist bloc of countries in Europe and the USSR collapsed. The world was no more bipolar. The PRC, led by the CCP, despite the ruling Communist Party ideology, strived to take advantage of these changes. China aimed to open for itself foreign markets, including energy resources. PRC's rejection from complete isolationism, the initial cessation of confrontation with the United States and countries of the West, and then cessation of the struggle with the USSR and its allies for leadership in building a world socialist system, allowed Chinese government not only to save huge resources, including energy, which went to maintenance of a huge army and ambitious military-political projects, by directing them in a peaceful direction, but also by starting the introduction of market reforms, what changed China's image in the world from a negative to a positive one.

Since the formation on the territory of the former Soviet Central Asia of the independent states of Central Asia – Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, Turkmenistan – hydrocarbon resources of the region acquired key importance in the foreign policy of the new countries.

China formed the priorities of its foreign energy policy in relation to Central Asia gradually. Energy expansion of Beijing was preceded by an active trade and economic policy, the results of which created preconditions for the foreign policy refocusing of the countries of the region.

Pipelines became an important element of energy policy, proposed and implemented by Beijing for the supply of hydrocarbon resources in Chinese direction. Beijing achieves access to new oil and gas deposits, expecting due to their development, to realize promising plans to increase the exports volume of hydrocarbon raw materials from Central Asia countries.

Keywords: China, Central Asia, energy sphere, oil and gas companies, investments

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**УЧАСТЬ КНР У РОЗВИТКУ НАФТОГАЗОВОЇ ГАЛУЗІ КАЗАХСТАНУ, ТУРКМЕНИСТАНУ ТА
ІНШИХ КРАЇН ЦЕНТРАЛЬНОЇ АЗІЇ 1990–2016 РР.: ЗОВНІШНЬОПОЛІТИЧНІ ТА
ЕКОНОМІЧНІ ФАКТОРИ**

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Анотація

У кінці 1980-х на – початку 1990-х військово-політична й економічна ситуація в світі кардинально змінилася. Берлінська стіна впала, Організація Варшавського Договору (ОВД) припинила існування, соціалістичний блок країн у Європі та СРСР розпалися. Світ більше не був біполярним. КНР на чолі з КПК, не дивлячись на пануючу комуністичну ідеологію, прагнула скористатися цими змінами. КНР воліла відкрити для себе зовнішні ринки, у тому числі енергоресурсів. Відмова КНР від суцільного ізоляціонізму, припинення спочатку протистояння із США та країнами Заходу, а потім боротьби з СРСР та його союзниками за лідерство в побудові світової соціалістичної системи дозволи китайському уряду не тільки зекономити величезні ресурси, в тому числі енергетичні, що йшли на утримання гігантської армії та амбітні військово-політичні проекти, направивши їх у мирне русло, а й, розпочавши запровадження ринкових реформ, змінити в світі імідж Китаю з негативного на позитивний.

З моменту утворення на території колишньої радянської Середньої Азії незалежних держав Центральної Азії – Казахстану, Киргизстану, Узбекистану, Таджикистану, Туркменістану – вуглеводневі ресурси регіону придбали ключове значення у зовнішній політиці нових країн.

Китай формував пріоритети зовнішньої енергетичної політики по відношенню до Центральної Азії поступово. Енергетичній експансії Пекіна передувала активна торгово-економічна політика, результати якої створювали передумови для зовнішньополітичної переорієнтації країн регіону.

Важливим елементом енергетичної політики стали трубопроводи, запропоновані й реалізовані Пекіном для поставок вуглеводневих ресурсів в китайському напрямку. Пекін домагається доступу до нових нафтогазових родовищ, розраховуючи за рахунок їх розробки реалізувати перспективні плани по збільшенню обсягів експорту вуглеводневої сировини з країн Центральної Азії.

Ключові слова: Китай, Центральна Азія, енергетична сфера, нафтогазові компанії, інвестиції

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Formulation of the problem. People's Republic of China today continues to be the world leader in electricity production and consumption, its part is almost 25% of the total world generation. China is the world's largest consumer of carbohydrates- oil, coal, gas. The Chinese energy market is the most capacious. More than 30 countries of the world export hydrocarbons and other sources of energy to China. Consumption index of oil and its reserves in China is one of the key factors that affects world oil prices fluctuations.

At the same time, China invests in development of renewable energy more than any other country in the world – more than 50% of the global total capital investments. Atomic energy is also actively developing. Simultaneously building more than 10 nuclear power units in the country, China has already reached the world market of atomic energy with its own NPP projects. That is why studying the foreign policy aspects of the PRC's energy strategy is extremely important for understanding and forecasting the international development trends, relations and the world economy, including relevant issues of Chinese-Ukrainian relations. In this context, the author's goal is to investigate China's participation and role in the development of the oil and gas industry in Central Asian countries.

Literature Review. In the works of L. Leshchenko, attention is focused on the domestic and foreign policy of the People's Republic of China in the early 2000s, the causes, consequences and prospects of the economic “Chinese miracle”, the phenomenal progress of the ASEAN countries, the influence of the civilization factor on the development and integration of the countries of Southeast As¹.

In the work of M. Grimska, a comparative analysis of the means and methods of optimizing the foreign policy of the PRC in the context of global and regional challenges to national security at the stage of the implementation of the “four modernizations” strategy² was carried out. It was found that the foreign policy of the PRC in the 2000s was aimed at to ensure conditions for the implementation of the national development strategy, the goal of which is China's achievement of the status of a superpower by the middle of the 21st century, which would occupy a dominant position in the Asia-Pacific region and equal in political influence, economic and military power to the USA.

A. Volkov's work is devoted to the rivalry between the Russian Federation, the United States, and the People's Republic of China for the control of Central Asian resources, the problems of economic cooperation between Russia and Kazakhstan, Uzbekistan, Turkmenistan, Tajikistan, and Kyrgyzstan, and the clash of interests of the respective oil and gas companies of the world³.

¹ Лещенко Л.О. Внутрішня і зовнішня політика КНР в контексті глобалізаційних процесів. *Дослідження світової політики*. 2000. Вип. 14. С. 72–82; Лещенко Л.О. Китайсько-американське суперництво за світові ресурси сировини і палива. *Пріоритети розвитку країн Азії і Африки: глобальні імперативи, периферійна специфіка*: матеріали Міжвід. наук.-теорет. конф., 24 черв. 2008 р. Київ, 2008. 137 с.

² Гримська М.І. КНР і США: глобальне партнерство чи боротьба за домінування? *Актуальні проблеми міжнародних відносин. Зб. наук. праць*. Київ, 2007. Вип. 68 (Частина 1). С. 127–135.

³ Волков В. Китай–Туркменія: ставка більше, ніж газ. URL: <http://www.dw.com/-17638565>

Professor Guan Pan, who at the time of publication of the article was the director of the Center for International Studies at the Institute of Europe and Asia of the Shanghai Academy of Social Sciences and the head of the Shanghai Research Center of the SCO, in his work justified the need for China's participation in ensuring the energy-rich region of Central Asia⁴.

R. Izimov insisted in his research that Central Asia is of strategic interest for the energy market of the People's Republic of China. In his article, he noted that "in the future, China will only increase comprehensive cooperation with the republics of the Central Asian region in order to obtain the largest possible volumes of oil and gas with the parallel implementation of infrastructure and transport projects in this region" and "...competition between Chinese, Western and Russian companies present in Kazakhstan will increase"⁵.

Gal Luft's article Strategic Implications of Chinese Energy Policy, published in The American Interest magazine on February 3, 2015, widely known among international political scientists, historians, journalists, and diplomats, aroused great interest among researchers of China's foreign and domestic policy. Gela Luft, one of the directors of the Institute for Global Security Analysis and a senior adviser to the United States Energy Security Council, believes that "the more ramified China's failed energy acquisition strategy becomes, the more dangerous Chinese geopolitics in the near abroad becomes"⁶. "The People's Republic of China is critically dependent on external sources of energy and accordingly will do everything possible to create conditions for the best security of sources and routes," G. Luft is convinced, who sees this as a potential challenge for the USA.

Presentation of Material. The introduction of radical reforms and market relations in China has, in fact, left the political system untouched. A minor upsurge in anti-communist opposition in China, influenced by the "perestroika" in the USSR, was even used by a part of the orthodox leadership of the Chinese Communist Party (CCP) at its 13th Congress (October–November 1987) to accuse Deng Xiaoping and his supporters of "bourgeois liberalism".

As a result of a complex behind-the-scenes struggle, the "architect of reforms" managed to remove his opponents from the Central Committee of the party, and the third stage of reforms began after the congress. However, on the verge of 1988–1989, in the context of an "overheated" economy, inflation, growing corruption, and abuse by government officials in the country, the social-political situation sharply deteriorated.

In the economy, a course was taken towards "regulating the national economy" and temporarily slowing down of the reforms. Starting from April 15, 1989, due to the death of CCP Chairman Hu Yaobang, who was considered a symbol of political change, the student

⁴ Гуан Пан. Енергетична політика Китаю та забезпечення безпеки в Центральній Азії. *Центральна Азія та Кавказ*. 2007. № 6 (54). С. 98–107.

⁵ Изимов Р.Ю. Глобальна енергетична політика Китаю та місце в ній Центральної Азії. URL: <http://cc-sauran.kz/rubriki/economika/107-globalnaya-energeticheskaya-politika-kitaya.html>

⁶ Luft G. Strategic Implications of Chinese Energy Policy. *The American Interest*. 2015. Vol. 10. No. 4. URL: <http://www.the-american-interest.com/2015/02/03/strategic-implications-of-chinese-energy-policy/>

opposition movement became more active. Workers dissatisfied with price reforms began to join the students in the capital⁷.

In response, the CCP leadership ordered the military to clear Tiananmen Square on the night of June 4th, where an indefinite student hunger strike and protest were taking place. As a result of its dispersal, more than 1,000 people were killed, and numerous arrests began. General Secretary Zhao Ziyang, a veteran of the communist guerrilla movement, was removed from power for indecisiveness and leniency. His successor was Jiang Zemin, a representative of the next generation, from Shanghai, who became the Chairman of China from March 27, 1993⁸. Meanwhile, the 14th Congress of the CCP in October 1992 declared a course towards a transition to a “socialist market economy” and integration into the world market. While maintaining control over the state sector and dominant positions in key industries, state-owned enterprises began to become shareholding.

Measures were continually taken to further increase of non-governmental ownership part in the national economy, liberalizing foreign trade, and improving conditions for foreign investments. Special attention was given to mobilizing factors for the intensive development of the economy, such as attracting investments, accelerating scientific and technological progress, energy conservation, and others⁹.

Furthermore, in the late 1980s and early 1990s, the military, political, and economic situation in the world underwent profound changes. The Berlin Wall fell, the Warsaw Pact Organization (WPO) ceased to exist, and the socialist bloc of countries in Europe and the USSR disintegrated. The world was no longer bipolar. China, led by the Chinese Communist Party (CCP), despite its prevailing communist ideology, strived to take advantage of these changes¹⁰.

While in the 1960s and 1970s, China's foreign policy was dominated by political and ideological elements (amid confrontation with the USSR and the USA, China aimed to become a leading force in the “third world”), after the collapse of the Soviet Union and the end of the Cold War, economic pragmatism took precedence, which was a result of domestic reforms initiated by Deng Xiaoping and continued by his successors, Jiang Zemin and Hu Jintao.

China aimed to open up to external markets, including energy resources. Despite multiple attempts to achieve even a rough trade balance between export and import in foreign trade, since the beginning of economic reforms in 1978-1979, China ended up with a trade balance deficit every three out of four years. The structure of exports underwent significant changes in the 1980s. While at the beginning of the decade, food products and mineral raw materials (such as oil and coal) accounted for 40% of China's total exports, by

⁷ Luft G. Strategic Implications of Chinese Energy Policy... C. 9-10.

⁸ Ibid. P. 9-10.

⁹ Stang G. China's energy demands: Are they reshaping the world? Pp. 99-101. URL: http://www.iss.europa.eu/uploads/media/Brief_12_China_energy.pdf

¹⁰ Демонстраційний поїзд новим «Шовковим шляхом» успішно дістався до кінцевого пункту призначення. URL: <http://mtu.gov.ua/news/25574.html>

the end of the decade, they barely reached 20%. During this period, the share of finished products in exports increased from 50% to 75%.

The structure of imports also changed, with the share of finished products rising from 65% to 82% of the total value of import shipments¹¹. Regarding specific types of goods, by the late 1980s, the value of exports of finished clothing exceeded the combined value of oil exports, which had been China's largest export category for many years. Cotton fabrics and seafood ranked third and fourth, respectively, in terms of export value. China's major trading partners in the 1980s to the early 1990s were Hong Kong, Japan, the United States, and Germany, with Hong Kong, in its turn, was dealing with the re-export of many goods purchased in China.

China's GDP grew at an average rate of 10.2% per year in the 1980s and 1990s. From 1990 to 1997, its growth was the highest in the world at 11.9% annually, and in 1998–1999, it averaged 8–9%. Such production growth required a substantial amount of energy, and the development and balancing of the energy sector posed significant challenges for the Chinese government¹².

In 1995, the energy balance structure in China was dominated by coal (73%), followed by hydroelectric power (19%), oil (6%), and nuclear energy (1%). China had abundant coal reserves (with proven reserves of 270 billion tons) and already ranked first in the world in coal mining (1.4 billion tons in 1997)¹³. Most of the coal deposits were concentrated in northern and northeastern provinces (with Shanxi province alone accounting for about a quarter of the total coal production). Major coal mining centers included Huainan, Hegang, Kailuan, Datun, Fushun, and Fuxin. Additionally, numerous small coal deposits were scattered throughout the country, and approximately half of the coal was extracted from 11,000 small coal mines¹⁴.

As of the beginning of 1997, China's total oil reserves amounted to 94 billion tons. Large oil reserves were discovered in Northwestern China, particularly in the Gansu province, Xinjiang Uyghur Autonomous Region, and the Qaidam Basin (Tibetan Plateau). In Northeastern China, significant oil reserves were found in the valleys of the Sungari and Liaohe rivers. Natural gas reserves, mainly concentrated in Sichuan province, were estimated at 39 trillion cubic meters by the beginning of 1997. Additionally, projects for methane extraction from coal mines were implemented in Northern China hard coal mines.

In terms of potential hydroelectric resources, China had already surpassed Far East countries in the 1990s. However, the development of hydroelectric power was constrained by a lack of capital needed for the construction of large dams. Several major hydroelectric

¹¹ Стратегия превращения Китая в супериндустриальное государство (1998–2050). *Памятники исторической мысли*. 2002. С. 110–111.

¹² Ibid. С. 123–124.

¹³ Ibidem.

¹⁴ Ibid. С. 92, 130.

projects were in the planning and construction stages, including the Sanxia Hydroelectric Power Station on the Yangtze River with a projected capacity of 17.7 million kilowatts¹⁵.

The high rate of economic development led to a significant increase in energy consumption. Oil demand was growing at an average rate of 4% per year, while domestic oil production was increasing by only 1.7% annually. There was only one acceptable way out – complete cessation of own exports and, accordingly, the transition to imports. Considering the geopolitical situation, market prices, supply, and transportation factors, countries in the Middle East emerged as the most promising source, not only for buying oil but also for selling to them. This was because oil dollars were increasing the purchasing power of the Arab population—at the time¹⁶.

Attempting to establish a foothold in the Middle Eastern market, China faced the challenge that this market was already practically dominated by the United States, Japan, and Western European countries. In these circumstances, China had to explore the few available “risky” markets that were either unoccupied or uninteresting to others and offer products that no one else was offering. In 1990, China’s exports to Middle Eastern countries amounted to \$1.5 billion. At that time, around 50,000 Chinese workers and officials were employed in the region, primarily in construction. By 1994, the trade volume between China and the Arab countries of the Persian Gulf had reached \$2.26 billion¹⁷.

China’s most notable and significant achievement in the Middle East was its entry into the market of Saudi Arabia, which was previously dominated by the U.S. companies. Active relations between Beijing and Riyadh began to develop in the mid-1980s when China supplied Saudi Arabia with a batch of medium-range ballistic missiles. In return for access to Saudi oil, China offered Riyadh the opportunity to operate in its rapidly growing energy market, which was soon to become the largest in the world¹⁸.

By the late 1990s, political relations between Beijing and Riyadh had strengthened. In 1998, Crown Prince Abdullah bin Abdel Aziz of Saudi Arabia visited China. During this visit, an agreement worth \$1.5 billion was reached for the construction of a joint Chinese-Saudi oil refinery and the supply of Saudi oil to China at a volume of 10 million tons annually for the next 50 years. During China chairman Jiang Zemin’s visit to Riyadh in 1999, “strategic relations” in the field of energy- were announced between the two countries¹⁹.

In the last decade of the 20th century, economic cooperation between Iran and China also developed rapidly. Between 1990 and 1994, the trade between China and Iran increased from \$314 million to \$700 million. The agreement signed in 1995 for economic cooperation worth \$2 billion provided China for purchasing up to 60,000 barrels of oil per day, the construction of a joint oil refinery in China, power plants, and a cement factory in Iran.

¹⁵ Austin A. Energy and Power in China: Domestic Regulation and Foreign Policy. URL: <http://fpc.org.uk/fsblob/448.pdf>

¹⁶ Breslin Sh. Access: China’s Resource Foreign Policy. URL: <http://www.lse.ac.uk/IDEAS/publications/reports/pdf/SR012/breslin.pdf>

¹⁷ Ibidem.

¹⁸ Волович А. Китай на энергетическом рынке Ближнего Востока. URL: <http://www.iimes.ru/?p=3299>

¹⁹ Luft G. Strategic Implications of Chinese Energy Policy...

Chinese companies Sinopec and CNPC became actively involved in Iran. In January 2000, after prolonged negotiations, Sinopec signed a contract with the Iranian National Oil Company (NIOC) for the development of oil fields in the Zavaneh and Kashan regions. However, China faced stiff competition from Japan in Iran, and shortly after these events, Japanese Companies signed a contract with NIOC to develop oil fields in the Azadegan region²⁰.

One of the conditions for China's advancement in Iran's energy market was the sale of Chinese weapons to Tehran. During the Iran-Iraq War (1980–1988), China was practically the only one significant source of weapon for Iran.

Though close relations with Iran, it did not prevent China from building strong ties with Iraq at the same time. In the 1990s, China became one of the first countries to consume Iraqi oil under the United Nations "Oil-for-Food" program. In June 1997, CNPC signed a contract to develop the Al-Ahdab oilfield, hoping to produce up to 90,000 barrels per day²¹.

Despite its foreign policy efforts to increase energy imports from abroad, China's economy in the 1990s remained heavily reliant on coal, which accounted for nearly three-quarters of its energy balance. Therefore, in order to eliminate the losses incurred by small enterprises and maintain the pace of production growth, technical reconstruction, restructuring of state-owned enterprises, and measures to improve product quality and expand the product range were implemented. In the restructuring of coal mines, the important aspects were the introduction of modern equipment and the reduction of unskilled personnel²².

The reform of state-owned mines in China was gradual. In 1992, after the adoption of PRC's Company Law, there began a phased process of corporatization of coal enterprises, expanding their economic activities. In 1995, projects to modernize the system of enterprises were initiated, with some of the most successful being the creation of the Mineral Resources Committee in Yanzhou and the development of coal mines in areas such as Xintai, Zhenzhou, Panzhihua, and Pingdingshan.

In the same year, the "Shenhua Group" was established, which by 2007 had combined 59 major coal mines with an annual production of up to 300 million tons, making it a leader in the global coal market.

Therefore, in the 1990s, PRC's development in the energy sector was influenced not only by domestic economic factors but also by external policy factors. China's shift away from isolationism, the cessation of its initial confrontation with the United States and Western countries, and later its departure from its struggle with the Soviet Union and its allies for leadership in building a global socialist system allowed the Chinese government to

²⁰ Стратегия превращения Китая в супериндустриальное государство... С. 135-137; Luft G. Strategic Implications of Chinese Energy Policy...

²¹ Лещенко Л.О. Внутрішня і зовнішня політика КНР... С. 77-79.

²² Гримська М.І. Еволюція зовнішньої політики КНР в умовах реалізації стратегії «чотирьох модернізацій»: автореф. дис... к. політ. наук: 23.00.04. Київ, 2009. С. 11-12.

redirect its considerable resources, including energy resources, away from maintaining a huge army and ambitious military-political projects towards peaceful economic development.

This, along with the initiation of market-oriented reforms, changed China's image from negative to positive on the world stage, although this transformation did not occur one year. The internal reforms of the 1980s gave not bad results in the 1990s when the world was changing after the end of the Cold War, and China, which had already begun to change internally, was ready for external changes. Partly due to RPC's declared policy of openness, it was able to attract foreign investment in the energy sector and simultaneously penetrate foreign energy resource markets.

By the beginning of 1997, the volume of foreign investments in the Chinese economy exceeded \$40 billion, and by the end of 1999, it reached nearly \$50 billion, a third of these funds were direct investments in energy projects or projects related to energy, such as transportation and infrastructure, mining equipment, deep processing of oil, coal, and timber.

At the turn of the 20th and 21st centuries, Central Asia gradually became a priority direction in China's external energy strategy, and RCP itself became the main trading partner of the Central Asian republics in the energy sector. However, this was not always like that, and the path to this was not easy. Since the formation of independent states in Central Asia, including Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan, and Turkmenistan, hydrocarbon resources in the region have gained significant importance in the foreign policy of these new countries. In the 1990s, these resources began to attract increasing attention from other countries and companies. Russia, the United States, EU countries, and China were among the most active players in the region, vying for leading positions in Central Asia, especially in the energy sector²³.

American companies (ExxonMobil, ConocoPhillips, Chevron, and others) and European oil and gas companies (such as BP, Total, Eni, Shell, and others) showed great interest in the explored and potential hydrocarbon reserves. Turkmenistan, with substantial gas reserves, and Kazakhstan, with significant oil reserves²⁴, received particular attention.

Numerous international consortia that were established to develop hydrocarbon resources in the region, and Western oil and gas companies rushed to secure their positions in potentially oil and gas-rich deposits. The energy policies of Central Asian countries, which sought Western oil and gas capital, contributed to the penetration of Western oil and gas companies into the region. With its help they hoped to conduct exploration of hydrocarbon reserves and, in the long term, engage in oil and gas extraction and export to external markets. At least in the initial stages, the investments made by oil

²³ Breslin Sh. Access: China's Resource Foreign Policy. Pp. 128-129. URL: <http://www.lse.ac.uk/IDEAS/publications/reports/pdf/SR012/breslin.pdf>; Лещенко Л.О. Китайсько-американське суперництво за світові ресурси сировини і палива... С. 81-82.

²⁴ Гуан Пан. Енергетична політика Китаю... С. 99-105.

and gas companies played a crucial role in the development of hydrocarbon resources, enabling the region's countries to boost their economies and stabilize their internal political situations, which were quite turbulent in the early 1990s.

On the intergovernmental level, the post-Soviet countries of Central Asia became a key focus of the foreign policy of the United States and the European Union. Washington and Brussels provided political support to the countries of the region, particularly in matters related to the extraction and transportation of hydrocarbon resources. The main goal of the Western powers was to redirect the hydrocarbon flows of the Central Asian countries toward Europe, thereby reducing their dependence on Russia and diversifying the sources of energy resources for the EU²⁵.

In the context of active participation by Western oil and gas companies and governmental structures in the development of hydrocarbon resources in Central Asia and increased attention to the region from China, Russia's successes were relatively modest. Russia's most notable achievement in Central Asia was the realization of the Caspian Pipeline Consortium (CPC), designed for the delivery of Kazakhstani oil to the port of Novorossiysk. Other Russian projects did not progress to the implementation stage.

The participation of Russian companies in the development of new oil and gas fields in Central Asia was also limited, and the volume of investments was insignificant. At the state level, Russia's efforts were aimed at preserving political influence in the countries of the region. Russia largely ignored the energy interests of the Central Asian countries, which ultimately led to a reduction in its influence and the loss of its position as the monopoly transit provider for hydrocarbon resources from Central Asia²⁶.

China gradually formulated its priorities in external energy policy regarding Central Asia. Beijing's energy expansion was preceded by an active trade and economic policy, the results of which created conditions for the region's countries to undergo foreign policy reorientation. China came close to taking leading positions in trading volumes with Tajikistan and Kyrgyzstan.

As the needs of the Chinese economy for hydrocarbon resources grew, China became increasingly interested in gaining access to the oil and gas resources of Central Asian countries. The Chinese side was persistent in acquiring ownership of hydrocarbon deposits as well as facilities for their processing. China achieved significant success in organizing equipment supplies, providing service services, and, more recently, in drilling operations.

In the last decade, China consistently increased its share in the energy sector of Central Asian countries. This policy reflected Beijing's geopolitical aims and the growing needs of the Chinese economy for additional hydrocarbon resources. According to various estimates, China's presence in Kazakhstan's energy sector has already exceeded 25%. China

²⁵ Изимов Р.Ю. Глобальна енергетична політика Китаю та місце в ній Центральної Азії...

²⁶ Крутіхін М. Як Китай переграє «Роснефть» і «Газпром». URL: <http://www.vedomosti/opinion/articles/2014/09/18/poddavki-skitaem>

was able to achieve such success through a consistent foreign policy supported by significant financial resources²⁷.

At the present stage, China's energy policy in Central Asia, as before, is firmly subordinated to Beijing's overall strategy of ensuring the most favorable conditions for achieving a systemic breakthrough in terms of modernization, sustained economic growth, and further transforming the country into one of the global economic centers of power. Striving to achieve these complex challenges, China is increasingly focusing on its Central Asian policy, choosing to significantly strengthen its positions in the economies of Central Asian countries through intensified project activities, increased investments, and loans. The oil and gas sectors play a crucial role in this strategy²⁸.

According to Kazakh China experts Ruslan Izimov and Kazakh political scientist Madiya Torebayeva, there are approximately 20 oil and gas companies in Kazakhstan with Chinese ownership ranging from 50% to 100%. The largest oil companies are CNPC, SINOPEC, and CITIC. According to official statistics for the year 2012, Chinese companies ranked second in terms of oil production in Kazakhstan, accounting for 25.2% of the total oil production. American oil companies were in first place with 25.7%, and Kazakhstani companies ranked third place with 20% of oil production. European and Russian companies followed with 10% and 7%, accordingly²⁹. As we can see, despite entering the Kazakhstani market as a relatively late player, China has nearly caught up with the leader, the United States, and has significantly surpassed all others.

An important element of China's energy policy has been the pipelines proposed and implemented by Beijing for the delivery of hydrocarbon resources towards China. In 2009–2010, without involving Russian companies, oil and gas pipelines of varying capacities, such as the “Kazakhstan-China” and “Turkmenistan-China” pipelines³⁰, were constructed to ensure reliable hydrocarbon supplies to China from Central Asian countries. This should establish a reliable hydrocarbons supply to China, those countries, in turn, are counting on strengthening their positions with increased oil and gas production³¹.

Until recently, China primarily expanded its presence in Central Asian countries on old hydrocarbon deposits that had reached their peak production. However, Beijing is now seeking access to new oil and gas deposits, aiming to increase its hydrocarbon exports from Central Asian countries through their development. This includes gaining access to Kazakhstan's offshore projects. This could be facilitated by exit from some Western company projects and increased Chinese investments in deposit development.

In the region, there are gigantic deposits such as Kashagan on the Caspian Shelf of Kazakhstan, which is the world's largest offshore deposit, and South Yolotan in

²⁷ Артем'ев О. Вікно в Європу: як Китай запустив новий «Шовковий шлях» в обхід Росії. URL: <http://www.rbc/politics/15/12/2015/56703a6d9a7947f88a89ae7d>

²⁸ Зуби дракона: як китайські нафтяні компанії підкорюють увесь світ. *Forbes*. URL: <http://m.forbes.ru/article.php?id=244914>

²⁹ Изимов Р.Ю. Глобальна енергетична політика Китаю та місце в ній Центральної Азії...

³⁰ Ibidem.

³¹ Гуан Пан. Енергетична політика Китаю та забезпечення безпеки в Центральній Азії... С. 105.

Turkmenistan, one of the three largest gas deposits on the planet. In just 2.5 years from 2010 to 2013, the China National Petroleum Corporation (CNPC) constructed the Central Asia Gas Pipeline, running from its concession in Bagtyarlyk in northern Turkmenistan through Uzbekistan and Kazakhstan to Xinjiang Uygur Autonomous Region in northwestern China. Spanning a length of a pipeline is 2,200 kilometres³².

China and other interested countries are attempting to forecast the future situation. Over the next few years, developments in the energy sector in Central Asia can undergo significant changes. The beginning of industrial development of new deposits in Central Asia countries will have a key impact on the development of the region, and at the same time will force a new assessment of its prospects. It particularly refers to oil production in Kazakhstan, in particular, on Kashagan, and in Turkmenistan – about the development of promising gas fields, such as Dovletabad and Southern Iolotan-Osman. The long-term filling of already built oil and gas pipelines, as well as implementation of promising pipeline projects that expand geography of export flows from the countries of Central Asia depend on the success of new fields development. Diversifying the export of hydrocarbon resources remains a key task for Turkmenistan and Kazakhstan, and China must take this into account³³.

The multi-vector pipeline approach adopted by Ashgabat and Astana strengthens their negotiation positions, allowing them to choose the directions for the export of oil and gas. Turkmenistan is paying significant attention to the Trans-Afghanistan Pipeline (TAPI), which is planned to run from Turkmenistan through Afghanistan and Pakistan to India. Its implementation would offer economic advantages and bolster Ashgabat's geopolitical positions. Simultaneously, Turkmenistan is implementing the construction of the East-West Gas Pipeline, which will unify all major gas fields in Turkmenistan into a single system.

Given the limited hydrocarbon potential of Central Asian countries, new pipeline projects may intensify competition for the oil and gas extracted from Central Asian deposits. In this context, the geopolitical plans of the United States and the European Union, which call on Ashgabat and Astana to participate in European projects for hydrocarbon exports, could clash with China's interests. This could potentially lead to increased rivalry between Beijing and European countries³⁴.

The situation in Central Asia could also be influenced by Iran, which has recently expressed interest in hydrocarbon extraction from the Caspian Sea with the intention of exporting them. This includes the prospective but unconfirmed Saradar Jangal oil and gas deposit, estimated to hold 1.4 trillion cubic meters of gas and 2 billion barrels of oil. Simultaneously, Tehran is exploring options to expand cooperation with Central Asian countries in exporting their hydrocarbon resources.

³² Гуан Пан. Энергетична політика Китаю та забезпечення безпеки в Центральній Азії... С. 105-106.

³³ Волков В. Китай-Туркменія: ставка більше, ніж газ...

³⁴ Ibidem.

The diversification of oil and gas export routes from the region is facilitated by China's policy, which links regional interests with the prospects of its own economic development. This factor is one of the key drivers in shaping the priorities of energy policy not only for the countries of Central Asia as sellers but also for China as a potentially major buyer of Central Asian oil and gas.

Conclusions. In summary, it can be claimed that the interest of the People's Republic of China in the oil and gas sectors of Central Asian countries became clear around the mid-1990s when Beijing turned its attention to Kazakhstan and began exploring the possibilities of transporting Kazakh oil to China. Since that time, the importance of the region in Chinese energy and economic policy has gradually increased, driven by both political and economic interests. Moreover, while in the late 1990s the project activity of China and Chinese companies in the oil and gas sector of Central Asian countries focused primarily on Kazakhstan, in the early 21st century, China's interest has gradually expanded to include other countries in the region. Currently, China's primary focus lies in the oil and gas sectors of Kazakhstan and Turkmenistan. China's presence in Uzbekistan, Kyrgyzstan, and Tajikistan's oil and gas sectors is associated not so much with China's energy needs as with the promotion of its other economic and political interests in these countries and the region as a whole.

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