

Chinese Pursuit of Energy Security via Partnerships' Development within the SCO Mechanism

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DOI: 10.29180/978-615-6342-67-6_4

Abstract: This paper aims to examine the impact of the Shanghai Cooperation Organization (SCO) on China's pursuit of energy security. As the first multilateral cooperation mechanism is initiated by China, the SCO is guided by Chinese values and emphasizes the development of partnerships instead of alliances. The research question focuses on whether the SCO and its Energy Club operate as a multilateral mechanism when it comes to energy cooperation or if bilateral arrangements are needed for China to secure its energy needs.

The paper will explore the energy potential offered by the SCO, particularly since Iran became a full member state and Qatar and Saudi Arabia became dialogue partners. It will also examine to what extent the SCO helps China in making "Petro Yuan" and how it impacts China's energy security from both continental and maritime aspects. The authors will use descriptive statistics and content qualitative analysis to evaluate the results within the SCO regarding energy security, as well as a literature review in the field of energy security and diplomacy, with a specific focus on bi-multilateralism.

The paper's contributions will include recommendations for a better understanding of energy security issues within the scope of Chinese instigated mechanisms of cooperation and diversification of sources and cooperation that brings new geopolitical and geoeconomic "question marks".

Keywords: green hydrogen, SCO, SCO Region, security cosmopolitanism, diplommatization, China, and bi-multilateralism.

JEL: F51, F55, N75, P18, Q42

1. Introduction and Theories

In academia, there are pressing questions concerning diplomacy and security, such as whether they are still sustainable (Stefanovic-Stambuk, 2010; Stefanovic-Stambuk and Popovic, 2022). China's rise has demonstrated that diplomacy and security are still viable and closely intertwined. This paper will examine China's strategies in securing energy security via the SCO Energy Club, theorizing the type of sustainable diplomacy for China in this regard. Furthermore, this paper will answer to what extent the SCO Energy Club promotes "Petro Yuan" and how it impacts China's both maritime and continental strategies in securing energy security.

This paper combines diplomacy and security for two reasons, the first being that energy security is a part of national security, while the second is that China believes security issues should be diplomatized, not securitized (Neumann, 2020; Stefanovic-Stambuk and Popovic, 2022). China views both diplomacy and security as relational practices (Qin, 2020) and does not follow a substantialist, i.e., atomistic perspective, implying that the world consists of relations which are always changing (Xing, 2015). China's leaders understand the current moment as unprecedented changes (MFA PRC, 2022), in which China shows strategic patience (Zhongping and Huang, 2014) in threading new relations for directing these changes. As one of the urgent needs which is recognized in achieving this goal is to strengthen the Party's centralized, unified leadership over foreign affairs work (Xi, 2018). This official action reflects both Chinese perception of the unstable foreign environment and its negative view of it, which impacts domestic politics. Institutions should be centralized, and wider public inclusion in politics should be limited. Making diplomatic apparatus centralized which follows clearly defined goals and plans, China's leaders believe that it corresponds not only to major-country diplomacy with Chinese characteristics, but also to promoting innovations in diplomatic theories and practices (Xi, 2018), such as strategic partnerships. Intentional threading of different types of strategic partnerships which implies different levels of expected reciprocity and closeness is mirroring China's understanding on the nature, feature, and manner for resolving security issues in regard to both domestic and global security. This was particularly notable when China on February 21, 2023 released *The Global Security Initiative Concept Paper* (MFA PRC, 2023). This Initiative as a tool in promoting security for every state, human and non-human being worldwide, was introduced by Xi Jinping in 2022 when he delivered a keynote speech at the opening of the BOAO Forum in 2022 (Xi, 2022). In this Concept Paper we can read that the

issue of security bears on the well-being of people of all countries, the lofty cause of world peace and development, and the future of humanity, where security is more interconnected, transnational, and diverse (MFA PRC, 2023). This kind of opinion on security is in accordance with the theoretical approach known as security cosmopolitanism offered by Anthony Burke. This scholar (2013, p. 18) stated that there can be no successful immunization of the national body against insecurities that come from outside. Since one state cannot be immunized from external threats, insecurity, thus, stems and arises in a borderless way from the very histories, choices, powers, and systems of modernity. This generates both a new analytical model for global security and a different—relational, networked, and future oriented—ethic of responsibility (Burke, 2013, p. 13). Henceforth, for this theoretical approach, security relies on normative principles of a relational ontological matrix (Burke, 2015, p. 198). Security cosmopolitanism in its theoretical structure requires constant improving of security architecture which implies that it is future-oriented. This futuring is similar to Iris Marion Young's global political theory (2011, p. 92) in which she claims that the meaning of political responsibility is forward-looking. One has the responsibility always now, in relation to current events and their future consequences. This futuring is similar to Chinese understanding of responsibility of each country for bettering the world order and overcoming unilateralism, power politics, and dominance. In regard to the future-oriented behavior, Xi Jinping (2022) stated that problems are not to be afraid of, as it is one problem after another that has driven the progress of human society. No difficulties could ever stop the wheel of history (Stefanovic-Stambuk and Popovic, 2022). In terms of energy security, this means sustainability. Sustainability is a normative concept that refers to a state of affairs whereby the needs of today are not fulfilled at the cost of the needs of tomorrow (Proedrou, 2018, p. 113).

In securing energy security, China advocates that countries should respect the principles of common, comprehensive, cooperative, and sustainable security. These adjectives on security are incorporated in China's official discourse since the introduction of the New Security Concept (Popovic, 2020). From the industrial revolution onwards, energy together with technology became the key factor of production (Mitrovic, 2012, p. 281). Casting light from that theoretical view, the concept of energy security has been the dominant prism through which all risks, threats, gains, and advances have been incorporated into stakeholders' strategies (Proedrou, 2012, p. 4). It became particularly important after two oil shocks. The International Energy Agency (IEA 2011, p. 9) defines energy security as an uninterrupted physical availability at a price which is affordable, while respecting

environmental concerns. A similar definition on energy security was provided by Filippou Proedrou (2012, p. 3) advocating that energy security is a situation whereby states face no energy shortages and meet their energy needs at no excessive cost and without further deteriorating the state of the environment. These offered definitions revealed that the main features of energy security are supply, affordability, acceptability, and sustainability (Proedrou, 2018). We can also add stable relations with energy exporting states, resilience to geopolitical turmoil, smooth flow of supplies, that is, secure routes—pipelines and sea lanes of communications and energy resources.

Furthermore, in the theoretical aspect of this paper, the controversial and thought-provoking diplomatic concept of bi-multilateralism is included. According to Michael Smith (2003), the occasions for bi-multilateral negotiations are defined by the coexistence of occasions both at the bilateral and at the multilateral level. Occasions also raise major issue of motivation: the coincidence or the close relationship between bilateral negotiations and multilateral events puts a new twist on the formation of preferences and priorities. In terms of agendas, the specific properties of bi-multilateral negotiations again create potential difficulties: how do the results of bilateral negotiations find expressions in multilateral agendas, and *vice versa*. This is crucially important for the SCO Energy Club in finding solutions as to how to create co-constitutive and context of co-dependency between bilateral energy deals and the SCO multilateral rules. More specific, how to transform different bilateral energy deals into clear SCO energy rules when there is no will to define an SCO common energy approach. It can be seen from this discussion of the analytical issues that one of the key problems in bi-multilateral negotiations is what might be termed ‘co-dependency’ of occasions, contexts, participants, agendas, and outcomes. This is not simply a contingency or an accident, it is an integral part of the negotiation process (Smith, 2003). A similar and more simplified understanding on bi-multilateralism was offered by Sonja Eremic (2018) who stated that bi-multilateralism is a composite of both bilateral and multilateral negotiations. The reasons for co-constitutive negotiations are offered by Adam Watson (1984), advocating that independent states deal bilaterally with each other and meet together in multilateral organizations not only because they have interests in common, but also because they have interests which conflict. With an aim to transform a possible conflict in the matter of diplomacy and not a weaponry race, China’s diplomatic thinking in the new era manifests in a profound way the values of connection, inclusiveness, and harmoniousness (Xing, 2015).

Before moving to the next part of the paper, we consider it important here to briefly explain the SCO. The SCO was founded in 2001 on China's initiative which was supported by other countries. One of its sub-mechanisms for promoting mutual cooperation is the SCO Energy Club. Currently, SCO member states include China, Russia, Kazakhstan, Tajikistan, Uzbekistan, Kyrgyzstan, India, Pakistan, and Iran, while observer states are Afghanistan, Belorussia, and Mongolia, and dialogue partners are Armenia, Azerbaijan, Cambodia, Egypt, Nepal, Qatar, Saudi Arabia, Sri Lanka, Turkey. When we look to the geographic coverage of the SCO, we notice that it embraces the world's biggest energy producers and consumers. Their decisions directly influence not only the structure of relations of global energy governance and its course, but also energy prices on the global market. Having this in mind, it is more than important to tackle the potential of the SCO Energy Club in becoming one of the most active actors in global energy governance, for example, maintaining and changing global production and supply chains, mirroring developing countries' power, and reorganizing energy pricing to name but a few.

2. Bamboozling China's Energy Security

China's reforms and opening policy, which was initiated in 1978, pushed China into a puzzling, dynamic, and never-ending game of securing energy security. China became a country whose development depended on imported energy from overseas. This circumstance pressed the leaders of the Chinese Communist Party (CCP) to take a geopolitical look at the international order and pursue innovative and creative diplomatic strategies for securing energy security. On the one hand, China has to overcome the issue of constantly increasing energy shortage, which, on the other hand, expresses vibrant development of China's economy. In 1993, China became a net oil importer and, in 2013, became the world's biggest importer of oil, meaning that China is not, in terms of energy security, a self-reliant country. Thus, it is becoming even more urgent to understand modern China's definition and communication of its identity in international energy relations in making its energy choices (Kuteleva, 2022, p. 27). So far, China's side did not securitize energy security; rather, it diplomatized it, that is, made it a matter of diplomacy (Stefanovic-Stambuk and Popovic, 2022).

When it comes directly to energy imports of China, for the purpose of this paper, we are going to tackle only China's cooperation with some and not all states, which, in different manners, on different levels, and from different views and

expectations, are cooperating with the SCO, that is, are included in the SCO network of cooperation. When it comes to the Chinese cooperation with Saudi Arabia, it attracted a lot of attention from the global political, business, and academic public. Saudi Arabia is a dialogue partner to the SCO and a founding state of the Organization of Petroleum Exporting Countries (OPEC). Saudi Arabia is the destination from which China imports the largest amount of petroleum. During 2022, Saudi Arabia shipped a total of 87.49 million tons of crude petroleum to China, equivalent to 1.75 million barrels per day (bpd) (Reuters, 2023). The two sides attracted even more attention and alarmed the international society, particularly the USA, when they signed the deal to trade in yuan instead of dollars. Bearing in mind that China is buying more than 25 percent of Saudi Arabia's oil export, their pricing in yuan will not only accelerate the internationalization of yuan, but it will also have global consequences since the USA exerted its dominance in the Middle East by pricing oil from this part of the world in dollars. The dollar is the strongest American geopolitical weapon. The Saudis are also considering including yuan-denominated futures contracts, known as the petro yuan, in the pricing model of the Saudi Arabian Oil Co., known as Aramco (Summer and Kalin, 2022). Pricing in yuan dates back to 2018, thus, it is not a novelty introduced by Sino-Saudi cooperation. However, the novelty is China's far greater and active diplomatic and economic involvement in the region, which was so far exclusively reserved for and dominated by the USA and its strategies of a weaponry race. On the other hand, we have to carefully follow this cooperation since the USA will not passively let China dictate the rules of the energy game in the Middle East and additionally increase its diplomatic power.

Washington was also shaken when China facilitated the re-establishment of diplomatic relations between Saudi Arabia and Iran, which is a significant development in the Middle Eastern energy game. China played a mediating role and facilitated a Joint Trilateral Statement between China, Saudi Arabia and Iran. The statement included an agreement between Iran and Saudi Arabia to re-establish diplomatic relations and to resolve their bilateral issues through diplomatic means. Iran and Saudi Arabia expressed their gratitude to China for its efforts in organizing this communication and its commitment to providing regional peace and security (MFA PRC, 2023a). The establishment of diplomatic relations between Saudi Arabia and Iran, two significant players in the Middle East and founders of the Organization of Petroleum Exporting Countries (OPEC), could bring about significant changes in the energy game. Iran is a member state of the SCO and a traditional good partner of China, and it is also a vital factor in providing energy security. In 2022, China imported over 700,000 bpd of oil by tankers from Iran

(Chen and Lawler, 2022). Oil from Iran and Saudi Arabia is delivered through sea lanes of communication (SLOCs) via tankers. Therefore, it is not surprising that China announced its rights and obligations to build itself into a maritime power and develop a blue water navy in 2015 (GOV.CN, 2015).

In providing energy security for China, Russia is one of the most important performers. Sino-Russian energy cooperation has intensified since 2005, when Russia's state-owned Rosneft began supplying oil to China via railway to service crucial Chinese loans, which had enabled the firm to buy Yuganskneftegaz, a key part of another Russian oil company, Yukos, which was nationalized following the jailing of fallen oligarch Mikhail Khodorkovsky (Gabuev, 2005). The very first grandiose energy project between China and Russia was named the Eastern Siberia-Pacific Ocean oil pipeline (ESPO). This pipeline is 4,188 km long and provides Asia Pacific markets of China, South Korea, and Japan with Russian oil. It was built by the Russian company in two phases. The first phase was completed in 2009 constructing an 800 km long pipeline from Taishet to Skorovodino. The second phase was completed in 2012, and it stretches from Angarsk to Daqing, a port in northeastern China. The second phase was intense in regard to China's national interests, because Russia announced that this eastern part of the oil pipeline should be finished in Nakhodka, a port cherished by Japan. For some scholars, construction of the eastern part of the pipeline represented the ideal type of the crisscrossing of new and old perceptions on security and cooperation (Hydrocarbons and Technology; Mitrovic, 2005). Their cooperation included a second big project, the realization from which was built the Power of Siberia gas pipeline. Through this pipeline, China annually imports 39 billion cubic meters of gas from Russia (Popovic, 2021).

One portion of the continental delivery of gas to China stems from the Central Asia-China gas pipeline which consists of four lines, A, B, C, and D. It begins in Turkmenistan and finishes in Xinjiang, China's north-western autonomous region. Lines A, B and C, which were completed in 2009, 2010, and 2014 respectively, each measure 1,833 km in length. Line D, with the length of 966 km, was constructed in 2022. Through this gas pipeline of four lines, all five Central Asian states together annually deliver 85 million of cubic meters of gas to China (Monitor Wiki – Global Energy, 2022).

Providing much needed energy via continental routes is understood as a security issue of top priority due to the high intensity situation in Xinjiang and a high possibility of terrorist attacks due to Uyghur separatism and ambition to create the

so-called “East Turkestan” state (Trailovic, 2021). So far, we can see that energy security has been provided by diplomatization and constructing big infrastructural projects. However, this real perception of domestic instability pushed China to introduce changes in manners as to how energy security should be secured.

In 1993, by a decision promulgated by the State Council, China initiated the realization of the plan to make petroleum strategic reserves. This decision was made official in 2001, when it was incorporated in China’s Tenth Five Year Plan (2001–2005). The ultimate aim of this goal was to provide oil up to one hundred days if there occurred some new abruptions in oil supply as was the case with the first two oil shocks (Mitrovic, 2012; Mitrovic and Trailovic, 2014). This program was in progress by 2004; the first of these facilities, located in Zhenhai, was completed in August 2006, with a capacity to store 32 mbl of oil. The second, at Zhoushan (25 mbl), was completed in March 2007; the third and fourth, at Huangdao (25 mbl) and Dalian (25 mbl), were completed ahead of schedule, in December 2007. The first two of these are in the Zhejiang Province, south of Shanghai in east-central China, and the last two in the Shandong and Liaoning Provinces, both farther north in eastern China, respectively. All four SPRs, however, are located relatively near China’s coast, with ready access to and from the sea (Cole, 2016, p. 146). Making petroleum strategic reserves influenced not only China’s manner in pursuing diplomacy, but also China’s view on sovereignty and strategy of containment which the USA in its documents such as the USA National Security Strategy and the USA National Defense Strategy from 2022, declared as an official way of dealing with China.

As the issue of energy security has become more pressing for China, the administration which directly tackles energy security has to evolve and rise China’s resilience towards turmoil which can jeopardize China’s energy security and thus further effect economic development and in the end the legitimacy of the CCP. When it comes to energy administration, as in many other areas of China’s governance of the country, parallel levels of making decisions are represented. In this structured yet perplexing system, information is lost, splintered or is changed and can further cause even greater damage to China’s sovereignty and pursuing strategies in securing national energy security. This problem was tried to be resolved in 2008 when the State Council of PR China initiated institutional reform which resulted in creating the National Energy Commission (NEC). The principle task of the NEC is strengthening energy decision-making and coordination (Downs, 2008; NEA-国家能源局). The same institutional reforms resulted in establishing the National Energy Administration (NEA - 国家能源局 – *guojia nengyun*

ju) that consists of 13 departments—the General Administration Department, Legal and Institutional Reform Department, Development and Planning Department, Energy Conservation and Technological Equipment Department, Power Department Nuclear Energy Department. Coal Department, Oil and Natural Gas Department, New and Renewable Energy Department, Market Regulation Department, Electricity Safety Supervision Department, International Cooperation Department, and the Party Committee Department (NEA-国家能源局). Erica Downs (2008) notices that the NEA has the lack of authority to set energy prices, which remains the purview of the National Development Reform Commission's Pricing Department. This same scholar argues that despite the growing importance of energy issues on China's domestic and foreign policy agendas, the country's bureaucracy lacks the capacity to manage the energy sector effectively. China's energy security was undermined by the very institutions responsible for enhancing it (Downs, 2008).

In conclusion, China's pursuit of energy security has been a complex and dynamic process that has forced the country to adopt innovative and creative diplomatic strategies. As China became increasingly dependent on imported energy resources, its leaders had to take a geopolitical look at the international order and pursue diplomatic solutions to secure its energy needs. China's approach to energy security has been to diplomatize the issue, defining it as a matter of diplomacy rather than securitizing it. This approach has enabled China to create a context in which the traditional framing of energy security in terms of classic geopolitics and global political economy is surpassed. As China's economic and diplomatic power continues to grow, its pursuit of energy security will remain a key priority in its domestic and international agenda.

3. Triangle: China-SCO-Energy Security

The previous part of the paper tackled some, amongst many, of China's bilateral cooperation with member states, dialogue partners, and observer states of the SCO. This part of the paper will analyze how energy cooperation is regulated on the SCO multilateral level and to what extent, if at all, it affects Chinese bilateral cooperation with the countries of the SCO Region. Bearing in mind the scope of this article, we will not analyze how and to what extent the SCO fight against the "three evils" (terrorism, separatism, and religious extremism) influences development of the SCO multilateral approach in securing energy security of its member states, dialogue partners and observer states.

The establishment of the SCO Energy Club aimed to promote energy cooperation and coordination among the SCO member states. The Club has served as a platform for regular meetings and discussions among energy ministers of the member states, as well as for sharing information and experiences in the field of energy. Its main objectives are to facilitate the development of energy infrastructure, enhance energy security, and promote the efficient use of energy resources. The SCO Club also aims to promote the use of renewable and clean energy technologies, as well as to develop regional energy markets and cooperation with other international organizations in the energy field (SCO Energy Club, s.a.). Overall, the SCO has recognized the importance of energy cooperation and security for the development and stability of the region. By promoting multilateral cooperation and diplomacy, the SCO has sought to diplomate the challenges posed by energy security and to pursue sustainable development goals. The SCO Energy Club has played an important role in this regard by facilitating regular communication and coordination among the member states. In the same document SCO member states expressed their green mindset by emphasizing the importance of protecting the environment whilst pursuing strategies of securing energy security. This was done by stating that the member states will develop cooperation in the field of advanced environmental protection technologies, renewable and clean energy, and energy efficiency in order to support sustainable development (SCO, 2015). The importance of the energy cooperation within the SCO framework was accentuated in other documents. For that purpose, in the Samarkand declaration signed by SCO heads of member states in 2022, involved actors stressed the need to increase mutually beneficial cooperation in the energy sector, including the efficient use of all types of energy resources, and supporting the application of various efficient economically and environmentally friendly technologies that reduce negative environmental impact and promote energy security and the transition to cleaner and greener energy sources in an energy efficient economy (DigWatch, 2022).

Energy cooperation within the SCO on the multilateral level of the SCO was institutionalized by establishing the SCO Energy Club (hereinafter referred to as the Club). The Club was organized on the initiative of the Russian president, then Prime Minister, Vladimir Putin in 2006 during the SCO summit in Bishkek. This was a logical proposition, since geographically, the SCO Region covers both the world's biggest producers and importers and consumers of energy. This makes them mutually interdependent, which creates the basis for multilateral interaction. The Club could provide a suitable platform for such interaction (ИнфоШОС, 2015) and position the SCO as an even more influential factor in global governance. Two oil shocks demonstrated the power of states which export oil to direct

global trends. However, besides objectively positive preconditions and a more than obvious urgency of establishing a common SCO approach in securing energy security and emphasizing that economic cooperation in the SCO is a question of high priority, the institutionalization of the Club was a bumpy journey. According to the data offered by the ИнфоШОС (InfoSCO, 2015), the previous attempts to set up the Club failed due to a lack of consensus among the member states, first of all Uzbekistan. This was resolved by activating Article 16 of the SCO Charter (SCO, 2022) in which is stated:

should one or several member States be not interested in implementing particular cooperation projects of interest to other member States, non-participation of the above member States in these projects shall not prevent the implementation of such cooperation projects by the member States concerned and, at the same time, shall not prevent the said member States from joining such projects at a later stage.

When the Club started to acquire its initial shape, it was based on an informal exchange of opinions among numerous interested states to be involved in the work of such an important institution. It resembled more a talk-show than an institution which tackles such an important issue. From the very beginning, this Club showed that its work will be based on inclusivity and not on exclusivity. Making it a non-elite club reserved only for the SCO member states, its participants first created the atmosphere of openness and trust. They believed that this kind of atmosphere is a precondition to discuss on an expert level about relevant economic, procedural, legal, and political topics with the aim not only to accelerate the foundation of the Club, but to make it a stable and durable institution. Eventually, such free discussions can result in specific proposals for government structures authorized to make the necessary decisions (ИнфоШОС, 2015). Basing the work of the Club on this kind of perception of openness and interconnectedness will require political agility and diplomatic wisdom. A tremendous step in that direction was done in 2017 when Turkey presided the Club.

So far, amongst experts there is an opinion that the Club as a format of cooperation would create a common style in resolving the following issues which are perceived as pressing for further development of the unique SCO energy cooperation:

- coordination of energy strategies and long-term programs for the development of the SCO member states and observers and dialogue partners;
- drafting and implementation of measures of common energy security;

- development of a system of transport energy communications;
- development of a joint economic mechanism for the implementation of the member states' energy policies;
- coordination of the member states' investment plans;
- information coordination;
- mutual informing about activities on the global energy market (ИнфоШОС, 2105).

Amongst these abovementioned tasks we can include more tasks such as construction of the infrastructure for the smooth flow of energy, defining a unanimous pricing system, defining common tax systems, how decisions will be made, and what kinds of cooperation this Club would develop with OPEC. The full list of tasks is not enlisted here, and they will emerge as cooperation increases.

Bearing in mind the geographic coverage of the SCO and geological structure of its member states, dialogue partners, and observer states, the Club possesses great potential to be one of the most important actors in global energy governance. But, still, it is more a paper tiger than an institutionalized power of the SCO which emerged from the common understanding of and view on regional and global energy interstate relations. SCO energy diplomacy is still in the developing phase, but there is an impression of not having a clear idea as to what should be the next step in achieving a common energy market or an understanding on energy security. There is no idea how to develop bilateral partnerships in a common multilateral arrangement such as the SCO Energy Club. Although there are some kind of multilateral arrangements for the SCO energy cooperation, its realization is more based on bilateral arrangements, which require attention, particularly in this part of the globe, that is, wider than the SCO Region. The constant creation of a dense bilateral network of energy agreements which are not based on previously defined and transparent multilateral rules will only make it more difficult for the SCO countries to specify a common approach of energy cooperation. In that logic, Xu Xiaojie (2011, p. 163), advocates that it is more difficult to govern and secure daily operations of the cross-border transportation system within the framework of several bilateral agreements since any bilateral dispute could ignite multilateral interests. There is no way to govern the transportation system based on a combination of individual bilateral agreements. If countries involved in the SCO are as partners striving to achieve China's ideal that Asian security belongs to Asian people, SCO energy diplomacy and cooperation should be more progressive when it comes to such things.

It is true that the lack of a maritime aspect within the institutional structure of the SCO poses a challenge for the organization's efforts to promote common energy cooperation. As it was mentioned, the maritime areas within the SCO region are crucial for the smooth flow of energy resources, and the absence of a mechanism for defining SCO rules in maritime governance may lead to individual member states prioritizing their own national interests in this regard. This is further complicated by the fact that some SCO member states may prefer to rely on security initiatives offered by other states, such as India's participation in the Quad (Quadrilateral Security Dialogue). Moreover, the lack of a dedicated SCO Development Bank and the ad-hoc nature of the SCO Interbank Consortium and SCO Business Club also pose challenges for promoting common energy cooperation within the SCO framework. Without a strong and continuous financial support mechanism, the development of an energy infrastructure and the implementation of energy projects that contribute to a common SCO energy approach may be hindered. It is important for the SCO to address these challenges in order to effectively promote energy security and cooperation within the SCO Region.

In conclusion, it is evident that energy security represents a high priority question on the agenda of China's domestic and international politics. Despite being heavily reliant on imported energy resources, China has avoided securitizing this question and instead defined it as a matter of diplomacy, emphasizing the idea that the world belongs to all people. By doing so, China has created an institutional context in which a militaristic control of energy sources and routes is surpassed. Energy cooperation is also a key priority for the Shanghai Cooperation Organization (SCO), and it has been labeled as one of the most important pillars and aims of future cooperation. However, the lack of a maritime aspect of the SCO and the absence of a strong and continuous financial support system for energy infrastructure development may hinder the promotion of a common SCO energy approach. Therefore, in order to achieve a holistic approach to energy security, the SCO needs to address these issues and engage in more multilateral cooperation.

5. Conclusion

Acquiring energy security has driven China to become more proactive in its diplomatic initiatives, offering innovative and creative solutions for global challenges that can jeopardize global stability. Without stability, China's development is at risk since its actions have become global in character. The expectation for China

to be constructive and responsible for global development is increasing, and it is well-known that there is no development without energy.

This paper analyzes China's bilateral and multilateral relations on energy security as a part of China's more proactive role in the regional energy governance platform. The focus is on the influence of the SCO Energy Club as a regional energy governance platform on China's strategies and urgent need to secure its energy security. The paper demonstrates that China takes an incremental approach in securing energy security, making it a matter of diplomacy, relations, and partnerships. China did not securitize this issue by transforming it into an excuse for pursuing hegemonism, power politics, or instigating a weaponry race. Instead, China pursues the approach to create multilateral rules from constantly evolving bilateral relations between countries, combining both approaches. However, this approach has given modest results so far, as countries tend to view securing energy security as a vital national interest better achieved through bilateral negotiations than multilateral arrangements. This could be seen as a Chinese strategic patience, yet to be fully realized. The first step towards changing the mindset from a bilateral to a multilateral viewpoint in securing energy security is for countries involved in the work of the SCO to recognize that creating a common approach and partnerships of sharing, even in energy security, is better than pursuing selfish national interests. Through sharing and creating a wider range of relations, a context is created in which negative influences that can jeopardize national security and development can be better controlled. Oil shocks teach us this.

The success of the SCO Energy Club depends on many factors, among which urgent financial integration and defining the SCO maritime aspect of cooperation are highlighted. The SCO Energy Club possesses great potential to be one of the most active actors in not only regional but also global energy governance, together with OPEC. It remains to be seen whether the SCO's energy potential will shape a new SCO face and future development, particularly from the perspectives of nuclear energy and green hydrogen. So far, the SCO Energy Club does not have any influence on internationalization of the yuan, that is, making it "Petro Yuan".

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