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## **BELT AND ROAD INITIATIVE AND THE GEOPOLITICS OF ENERGY**

### **Abstract**

This paper examines how China's latest mega plan – the Belt and Road Initiative (BRI) will influence the geopolitics of energy. With a massive change in global energy supply and demand, the transition of international energy order is in the making. While the USA is going towards more isolationist path from its traditional superpower role, there are growing economies such as China, India, Japan and Russia which are undoubtedly playing important role on geopolitical stage. Several regions such as Central Asia, the Arctic, Eastern Mediterranean and South China Sea are offering huge natural gas and oil reserves and drawing global attention to develop energy cooperation. This situation is profoundly influencing the transition of energy order. In this transition, BRI is supposed to play an important role. As a mega development strategy with strong geostrategic dimension, it aims at promoting interconnectivity and cooperation in infrastructure, trade and development among the participating countries. This mega plan offers plenty of investments, infrastructure constructions and industrial integration in the energy sector. In addition, China is trying to build alternative energy shipping routes for evading heavy dependence on traditional energy chokepoints, specifically on the Strait of Malacca. In doing so, the country is trying to establish a multilateral platform for promoting and protecting energy cooperation under BRI. This paper, therefore, attempts to observe how this mega plan will contribute in re-shaping the existing energy order as well as the geopolitics of energy with a focus on multilateral energy cooperation.

**Keywords:** BRI, China, Geopolitics, Energy, Cooperation, Infrastructure

### **1. Introduction**

Incomparable in size and capacity, China's BRI is offering massive investments in its member countries across Asia, Europe and Africa. With its core leitmotif-connectivity and infrastructure development, this mega plan is marching high with its proposed and already started infrastructural projects across these three continents. While assessing its importance, scholars like Parag Khanna, in his latest book, significantly mentioned the role of BRI in the rise of Asia. He even

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said that the date of the Asian-led world order would be remembered on the day when 68 countries representing two-thirds of the world’s population assembled in Beijing to attend the first BRI summit in 2017. This gathering symbolizes the largest coordinated investment plan for interconnectivity and infrastructural development in the human history.<sup>1</sup> Having such strong geopolitical and geoeconomic dimensions, BRI promises to invest around US\$ 1 trillion in Asia, Europe and Africa for implementing series of development projects.<sup>2</sup>

At first, energy was not officially mentioned in its five main areas – infrastructure, policy, finance, trade and culture. But the issue of energy security is diligently linked to BRI member countries and China. Therefore, this issue has been included in the ‘Vision and Actions on Jointly Building Silk Road Economic Belt and 21<sup>st</sup> Century Maritime Silk Road’. It is a vision document that was issued in March 2015, two years after the announcement of this mega plan.<sup>3</sup> After that, in May 2015, another vision document was released which was thoroughly dedicated for the issue of energy cooperation under BRI. The document was named ‘Vision and Actions on Energy Cooperation in Jointly Building Silk Road Economic Belt and 21<sup>st</sup> Century Maritime Silk Road’. This vision document was issued by China’s National Development and Reform Commission and National Energy Administration. A revised version of ‘Vision and Action on Energy Cooperation’ has been released in May 2017. In this latest document, seven key areas of energy cooperation through the BRI were identified. These are policy coordination, unimpeded trade, energy investment cooperation, energy production capacity cooperation, energy infrastructure connectivity, sustainable energy for all and better governance structure. Various bilateral and multilateral cooperation avenues for advancing energy cooperation were proposed in the latest document. Of them, creation of a ‘Belt and Road Energy Cooperation Club’ was an important proposal.<sup>4</sup>

Based on that proposal, the Belt and Road Energy Partnership (BREP) was launched in the second Belt and Road Forum that held from 25-27 April 2019.<sup>5</sup> BREP is designed to practice the principles of cooperation and shared benefit, promote mutually beneficial energy cooperation, help countries and regions jointly solve problems facing energy development, achieve shared development and prosperity and make positive contributions to build a community with a shared

<sup>1</sup> Parag Khanna, *The Future is Asian: Commerce, Conflict and Culture in the 21<sup>st</sup> Century*, Simon & Schuster: New York, 2019.

<sup>2</sup> Peter Frankopan, *The New Silk Roads: The Present and Future of the World*, London: Bloomsbury, 2018.

<sup>3</sup> National Development and Reform Commission (NDRC) and Ministry of Foreign Affairs and Ministry of Commerce of the People’s Republic of China (PRC), “Vision and Actions on Jointly Building Silk Road Economic Belt and 21<sup>st</sup> Century Maritime Silk Road”, 28 March 2015, available at [http://en.ndrc.gov.cn/newsrelease/201503/t2015330\\_669367.html](http://en.ndrc.gov.cn/newsrelease/201503/t2015330_669367.html), accessed on 20 April 2019.

<sup>4</sup> Christopher Len, “Belt and Road Initiative: Beijing’s ambition to be a player in global energy governance”, *The Asia Dialogue*, 27 March 2018, available at <https://theasiadialogue.com/2018/03/27/belt-and-road-initiative-beijings-ambition-to-be-a-major-player-in-global-energy-governance/>, accessed on 20 April 2019.

<sup>5</sup> Liu Zhuhua, “Energy partnership announced for BRI”, *China Daily*, 25 April 2019.

future for humanity.<sup>6</sup> During the meeting, a document on cooperation principles and concrete actions of BREP was released. According to the document, participating countries would strengthen infrastructure connectivity, enhance energy investment and promote cooperation in clean energy, energy efficiency, capacity building and personnel training.<sup>7</sup> Although BREP platform is newly launched, China has already become engaged intensely with several energy infrastructure projects since the launching of BRI. With BRI, President Xi is moving with more confidence, China-centric approach of ‘striving for achievement’, in contrast with former president Deng Xiaoping’s maxim of ‘keeping a low profile’. Particularly in the energy sector, China has been focusing on the strategy of ‘going out’ to invest overseas. After the launching of BRI, the Chinese aspiration of deepening itself in international energy cooperation at all levels becomes prominent.<sup>8</sup> Through BRI energy projects, the country is now preparing to integrate itself with the world energy system based on win-win cooperation. While strengthening a comprehensive international cooperation on energy, China also aims to develop a shared global energy future through the BRI. Since its inception, BRI energy projects are constantly achieving prolific results. Energy projects like Yamal Energy project is one of the successful projects that is worth notable. If the situation goes like this, then, China may become the significant and proactive player in shaping of global energy governance.<sup>9</sup>

In the geopolitical lens, comprehensive energy projects and consolidated approach for energy cooperation among BRI countries bear a significant importance in the geopolitics of energy. In the 18<sup>th</sup> and 19<sup>th</sup> centuries, coal and steam power sped up the industrial revolution and shaped the geopolitics of those centuries. Global control over coal production and trade was led by the British Empire during that century. After that, 20<sup>th</sup> century geopolitics was all about controlling over the production of and trade in oil.<sup>10</sup> America’s hegemony started in that century by successfully proving its guardianship of the free flow of oil since the Arab oil embargo of 1973. Although the 21<sup>st</sup> century, is still favouring the fossil fuel – coal, oil and natural gas that accounts for 80 per cent of world energy, a gradual shift to investments in nuclear, hydro and renewable energy sources is increasing. The shale oil revolution in America and the transformation of natural gas into its liquefied form (LNG) are the striking features of the 21<sup>st</sup> century’s energy geopolitics. With the shale revolution, there is possibility that the US could become an energy exporter.

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<sup>6</sup> Ibid.

<sup>7</sup> “Belt and Road Energy Partnership inaugurated in Beijing”, *The Jakarta Post*, 25 April 2019, available at <https://www.thejakartapost.com/news/2019/04/25/belt-and-road-energy-partnership-inaugurated-in-beijing.html>, accessed on 20 May 2019.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Mustafa Aydin, “The geopolitics of energy resources”, *Hurriyet Daily News*, 14 April 2016, available at <http://www.hurriyetaidailynews.com/opinion/mustafa-aydin/the-geopolitics-of-energy-resources-97774>, accessed on 10 April 2019.

Although this situation will not lessen American interest in stabilizing oil price in the global market, it will change the nature of America's relationship with existing suppliers and new purchasers.<sup>11</sup> In this context of changing energy order, China's BRI can be a game changer. Through the BRI, China is initiating alternative energy routes to safeguard the flow of fossil fuel for China and the BRI countries. Thus, avoiding reliance on the existing energy route namely the Strait of Malacca and South China Sea, BRI countries can safely have their fossil fuel without facing any threat. This situation signals the new energy order in the present century. In addition, China has the leading position in renewable energy technologies. Through the BRI, China has notable renewable energy projects which can support in producing renewable energy. In this backdrop, it can be understood that BRI has all the potential to play a significant role in shaping the 21<sup>st</sup> century's energy geopolitics.

This paper, therefore, seeks to understand how BRI will be stimulating enormous energy benefits by expanding the scale, scope and impact of China's energy footprint. Through its advanced energy projects, BRI might be empowering Beijing to increasingly shape the future of energy security environment across continental Eurasia and through the vital sea-lanes of Indo-Pacific. It may also enable BRI countries to be under the umbrella of energy cooperation mechanism that allows them to achieve maximum benefits without facing any major threat. With discussion of the BRI and energy geopolitics, this paper also argues BRI's contribution in changing nature of the existing energy order that will gradually shape the future of energy geopolitics. To understand this argument, the synergy between energy geopolitics and BRI has been thoroughly discussed in the second section after the introduction. Third section depicts China's current energy projects under the BRI for strengthening energy cooperation among BRI countries. The paper proceeds with analyzing the possible implications and influence of BRI's energy infrastructure in shaping the geopolitics of energy. This discussion makes the fourth section of this paper. It concludes by echoing the broader context of its role in upholding energy cooperation among BRI countries by shaping energy geopolitics that ultimately paves the way for new energy order.

## **2. Synergy between BRI and the Geopolitics of Energy**

From an energy security perspective, China's mega plan BRI promises enormous contribution in creating an integrated network of supplies and value chains in the energy sector. Through the BRI, China can invest in energy projects such as development of onshore and offshore oil and gas fields, coalmines and coal-fired power plants, grid networks and expansion of renewable energy sources (RES). Encircling number of economic corridors, transportation routes and infrastructural

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<sup>11</sup> Ibid.

projects across 84 countries<sup>12</sup>, this mega plan can be the most ambitious development project in history. It is a proactive strategy for China to expand and deepen linkages with the partner countries of BRI. China's growing dependence on seaborne energy trade indicates its quest for energy security.<sup>13</sup> This growing energy demand promotes the imperatives for its energy diversification strategy by diversifying energy import sources and transit routes, protecting its interests and rights over Sea Lanes of Communications (SLOCs) and developing the People's Liberation Army Navy's (PLAN) blue water capabilities. Thus, from the perspective of China's energy security, the country's infrastructural projects for developing transit pipelines through the partner countries of BRI, constructing ports and developing port facilities for the PLAN will be the defining features of the 21<sup>st</sup> century Maritime Silk Road (MSR) of the BRI.

However, to understand the synergy between BRI and the geopolitics of energy, primarily, there is a need to understand the concept of energy geopolitics. Energy resources have enormous impact on a state's national strategy and economic growth. Therefore, accesses to these or having sufficient of them is essential to ensure national and global security. Although classical geopolitics mainly refers to the military field, changes have started to take place in conceptualizing geopolitics by incorporating multidisciplinary approaches. Energy is one such discipline that has the ability to influence a state's foreign policy. Keeping this in mind, Ioannis Vidakis and Georgis Baltos created the concept of 'geoenergia'. This concept is to understand the effects of energy resources in political and economic systems as well as on international relations.<sup>14</sup> Although in the past, natural resources have had essential role in shaping international relations specially in the 18<sup>th</sup> and 19<sup>th</sup> centuries that were the age of coal, the issue of energy geopolitics gained momentum after the 1990s in the 20<sup>th</sup> century. Since that century, global natural resources especially fossil fuels started to become scarce in the face of growing world demand for energy. Particularly, the two oil crises of the 1970s revealed the degree of vulnerability and dependence on fossil fuels. From that time, classical studies on energy geopolitics started to gain attention.

Number of analysis devoted to clarify the concept of energy geopolitics. Of them, Philip Andrews Speed pointed out that energy geopolitics referred to the study of national security and international politics in the context of the global energy scene. Therefore, the term 'energy geopolitics' refers to the management of energy-related relationships that exist among states. Although the most fundamental relationship

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<sup>12</sup> Frank Umbach, "China's Belt and Road Initiative and its Energy-Security Dimensions", *S. Rajaratnam School of International Studies*, No. 320, 03 January 2019, available at <https://www.rsis.edu.sg/wp-content/uploads/2019/01/WP320.pdf>, accessed on 20 April 2019.

<sup>13</sup> Ibid.

<sup>14</sup> Ioannis Vidakis and Georgios Baltos, "Security Aspects of 'Geoenergia' and the Significance of Energy Resources Management in International Politics", *Geopolitics of Energy*, Vol. 37, No. 3, 2015, pp. 2-16.

occurs between the energy suppliers and consumers, but an important relationship can also take place between and among competing consumer countries and group of consumer countries.<sup>15</sup> The same important relationship can take shape between and among supplier countries or group of supplier countries as well. Other dynamics of relationships may occur such as relationships in one party or another can exploit its energy-related power to dominate other aspects of political or security relations with another country. Thus, the whole issue of energy geopolitics is intertwined with various dynamics of relationships between and among the energy suppliers, consumers and their relationships with other countries.<sup>16</sup> Apart from energy-related relationship that shapes energy geopolitics, Philip also addressed some key factors of energy geopolitics. These are resource nationalism, rise of national oil companies, instability in oil-producing regions due to domestic, regional and international factors, reserve depletion among traditional suppliers and politics around SLOCs.

Politics around these mentioned factors were seen in the past centuries. For example, during 18<sup>th</sup> and 19<sup>th</sup> centuries, coal was the main energy resource and the British Empire had the control over this resource. That time, British economy was converted from woodland-water-basis to a coal-and-iron basis with the promotion of industrial revolution. Therefore, 18<sup>th</sup> and 19<sup>th</sup> centuries energy geopolitics were centred around controlling over coal fields, its production and market. In the 20<sup>th</sup> century, oil became the most important energy resource. During the First World War, motorized equipment was introduced and coal was replaced by petroleum. Thus, oil became the cornerstone of war strategy and securing access to oil became vital. For the US, oil was a source of power and influence in the 20<sup>th</sup> century. Especially during the Cold War, one of the US policies was to control over oil fields for containing the Soviet Union at all competition levels. Later, the oil crisis of 1973 was a crucial turning point for the US.<sup>17</sup> Since then, the country became the traditional security provider in maritime Asia through its naval presence in both the Indian and Pacific Oceans. These two oceans are the key conduits for energy imports from Africa and the Middle East. Important SLOCs such as the Strait of Malacca and Strait of Hormuz are situated in these oceans. US has been contributing an important guardianship role since the oil crisis in protecting international energy market by ensuring maritime freedom of navigation and security of SLOCs. Thus, as a sole superpower, it was the important player of energy geopolitics that centred around securing oil from the Middle East in the last decade.

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<sup>15</sup> Jianhua Yu and Yichen Dai, "Energy Politics and Security Concepts from Multidimensional Perspectives", *Journal of Middle Eastern and Islamic Studies*, Vol. 6, No. 4, 2012, available at <https://www.tandfonline.com/doi/pdf/10.1080/19370679.2012.12023215>, accessed on 20 April 2019.

<sup>16</sup> Carlos Pascual and Jonathan Elkind, "Introduction", in Carlos Pascual and Jonathan Elkind (eds.), *Energy Security: Economics, Politics, Strategies, and Implications*, Washington DC: Brookings Institution Press, 2010, p. 3.

<sup>17</sup> Charles Issawi, "The 1973 Oil Crisis and After", *Journal of Post Keynesian Economics*, Vol. 1, No. 2, Winter 1978-79, pp. 3-26.

However, the 21<sup>st</sup> century is experiencing relative decline of US military capacity along with political deadlock at home. This situation has created uncertainty to the existing energy order. The situation has become more worrisome since Donald Trump became president, owing to his ‘America First’ rhetoric. Aside from President Donald Trump’s isolationist activities, America’s energy revolution has changed the existing scenario of world energy order.<sup>18</sup> America made the global lead in energy production during President Obama’s second term. After that, US’s energy production has continued to grow nearly every year.<sup>19</sup> Therefore, its new energy story has two sides. First, the US is becoming a major energy producer and exporter. While this will not lessen American interest in a low and stable oil price derived on the global market, it will change the nature of the country’s relationship with existing suppliers and new purchasers. Second, the US may become less interested in bilateral energy and strategic relationships that it has had with countries such as Saudi Arabia and other Middle Eastern countries.

While US is going towards more isolationist path from its traditional superpower role once it carried in the last century, there are growing economic countries such as China, India, Brazil and Russia which are undoubtedly playing important role on geopolitical stage since the beginning of the 21<sup>st</sup> century specifically in the aftermath of 2008’s global financial crisis.<sup>20</sup> With their growing economies, their energy consumption rates are also ascending progressively. Thus, to mitigate their additional demand for energy, they are now seeking alternative energy resources and routes for hassle free uninterrupted fossil fuel. Apart from these growing economies, several regions such as Central Asia, Arctic region, Eastern Mediterranean and South China Sea are offering huge gas reserves that are attracting growing economies to develop energy cooperation for exploration of those reserves. As well as traditional energy suppliers like Saudi Arabia and other emerging countries such as Venezuela, Russia and Iran are attracting global attention. For natural gas, Russia holds the largest reserves and the country is gaining popularity for processing natural gas to LNG. After Russia, Iran holds the second largest natural gas reserve in the world. But due to international sanction and unattractive investment framework, Iran failed to be a major natural gas exporter till now.<sup>21</sup> The country has also proven oil reserves. With oil and gas reserves, it has potential to be the energy superpower together with

<sup>18</sup> Bijan Khajehpour, “The Growing Significance of Geopolitics in the Energy Sector”, *Eurasian Nexus Partners (EUNEP)*, 19 January 2019, available at <https://eunepa.com/the-growing-significance-of-geopolitics-in-the-energy-sector/>, accessed on 22 April 2019.

<sup>19</sup> Robert Rapier, “Yes, The U.S. Is The World’s Top Energy Producer”, *Forbes*, 08 August 2018, available at <https://www.forbes.com/sites/rpapier/2018/08/08/yes-the-u-s-is-the-worlds-top-energy-producer/#4b4b9caf1fab>, accessed on 25 August 2018.

<sup>20</sup> D. Ülke Ariboğan and Mert Bilgin, “New Energy Order Politics ‘Neopolitics’: From Geopolitics to Energieopolitics”, *International Relations*, Vol. 5, No. 20, Winter 2009, pp. 109-131.

<sup>21</sup> Bezen Balamir Coşkun, “Global Energy Geopolitics and Iran”, *Uluslararası İlişkiler (International Relations)*, Vol. 5, No. 20, Winter 2009, pp. 179-201.

Russia. Having huge oil reserves and popularly known as ‘Petrostate’, Venezuela might also contribute in shaping the 21<sup>st</sup> century’s energy geopolitics if the country can manage to emerge from its recent tailspin.<sup>22</sup> Therefore, along with oil, natural gas tends to play an important role in the 21<sup>st</sup> century’s energy geopolitics. Although, oil will remain one of the important energy sources, importance of natural gas exploration and renewable energy resources are gaining attention increasingly.<sup>23</sup>

Hence, the attention on natural gas and renewable energy generation is promoting the transformation of existing energy order that was on oil in the past century. In this transformation, emerging economies are playing an important role. Of them, China becomes the pioneer country since the country is promoting BRI’s energy projects around the world. As the energy order is an important issue, there are two essential questions for the future of the 21<sup>st</sup> century’s energy order. First, will China continue to accept the existing energy order or try to reshape it in accordance with its own perceived interests? Second, will the US devote economic and diplomatic resources necessary to preserve the liberal order it helped to create in the past century? While searching the answers of these questions, it is seen that China is losing its reliance on the existing West-led energy order. Although the country has heavy reliance on fossil fuel imports, it tends to expand its dependency on renewable energy. It has a leading position in innovation and deployment of renewable energy technologies. The country is the biggest location for renewable energy investment that accounts for more than 45 per cent of the global total in 2017.<sup>24</sup> Now it becomes the world’s renewable energy superpower. The country is the world’s largest producer, exporter and installer of solar panel, wind turbines and electric vehicles.<sup>25</sup> Along with natural gas, it is mostly supported that the advent of renewable energy is one of the important reasons behind the transformation of existing energy order. Renewable energy may reconfigure alliances and create new interdependencies. If global demand for fossil fuel decreases, alliances built on fossil fuels are likely to weaken. Alliances may be maintained for other reasons but the energy pillar will become relatively less important. Bilateral relations between states will also change. The alliance between the US and Saudi Arabia is a prime example where oil played a key role.<sup>26</sup> Therefore, if renewable energy wins the heart of the consumers then the global energy dependency will shift from global energy markets to regional power grids. Countries who are importing oil today will seek to develop renewable and integrate power grids with neighbouring countries to buy and sell electricity. Regarding this sector, China is the forerunner.

<sup>22</sup> Rocio Cara Labrador, “Venezuela: The Risa and Fall of a Petrostate”, Council on Foreign Relations, 24 January 2019, available at <https://www.cfr.org/backgrounder/venezuela-crisis>, accessed on 20 April 2019.

<sup>23</sup> D. Ülke Aribog̃an and Mert Bilgin, op. cit.

<sup>24</sup> Frankfurt School, United Nations Environment Program Centre and Bloomberg New Energy Finance, *Global Trends in Renewable Energy Investment 2018*, Germany: Frankfurt School of Finance and Management, 2018.

<sup>25</sup> Global Commission on the Geopolitics of Energy Transformation, *A New World: The Geopolitics of the Energy Transformation*, New York: International Renewable Energy Agency, 2019.

<sup>26</sup> Ibid.



Therefore, in transforming the existing energy order and shaping the energy geopolitics of the 21<sup>st</sup> century, China's mega plan BRI has enormous implications. The synergy between energy geopolitics and the BRI is clearly seen as China's latest mega plan has many projects which are fully dedicated for energy cooperation. This cooperation will largely promote new energy producers which can support in producing renewable energy, exploration of natural gas and new alternative energy routes that can ensure uninterrupted oil transport. Under this grandiose plan, China is willing to create a global supergrid called 'Global Energy Interconnection (GEI)'. If implemented, this supergrid will link every continent to power the world.<sup>27</sup> Since China is trying to decrease its dependency on fossil fuel imports that pass through SLOCs such as the Strait of Malacca and the South China Sea, the country will support the energy transition from conventional fossil fuel to renewable energy. BRI can play a major role in this regard since its massive infrastructure framework will offer all the participating countries to be in the network of powergrids, integrated pipelines and upgraded infrastructures. Therefore, China's infrastructure diplomacy through the BRI is an important strategy as the protection of sea lanes was to the hegemony of US in the 20<sup>th</sup> century. Thus, BRI is going to be the key role player in transforming the existing energy order and shaping the energy geopolitics of the 21<sup>st</sup> century. This role of BRI is extensively discussed in the following sections.

### 3. Energy Cooperation Under the BRI

Under the BRI, energy infrastructure and transportation projects play a key role in fostering greater trade and investment as well as interconnectivity between China and its neighbours. To do so, China is utilizing the BRI for strengthening energy cooperation along with BRI countries. BRI's energy cooperation strategy revolves around four notable areas, namely, the international diversification of oil and gas production, energy-related infrastructure development along with the Belt and Road region, deepening of international energy technology cooperation and the support of international energy governance.<sup>28</sup> This strategy has been reiterated in the Vision and Actions on energy cooperation document in May 2017. Apart from these four broad areas of energy cooperation, this latest vision and action document pointed out seven more areas of energy cooperation through BRI. These are policy coordination, unimpeded trade, energy investment cooperation, energy production capacity cooperation, energy infrastructure connectivity, sustainable energy for all and better governance structure.<sup>29</sup> Based on all these proposed areas of cooperation,

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<sup>27</sup> Ibid.

<sup>28</sup> Christopher Len, *op. cit.*

<sup>29</sup> Ibid.

China has already started to work on strengthening energy cooperation through several BRI's energy projects. By reviewing China's current energy projects under the BRI, this section explores how China is promoting the energy cooperation along with all BRI countries.

### 3.1 *Development of Energy Infrastructure*

Ensuring proper energy requires huge levels of infrastructure development. In this regard, investment in developing every kind of infrastructure is the cornerstone of BRI. Since, energy cooperation is one of the important aspects of BRI, it adopts the 'Vision and Actions on Energy Cooperation' document. This document includes the goals that are: promoting energy cooperation for an open, inclusive and beneficial community of shared interests, responsibility and destiny; improving regional energy safety and optimize the distribution of energy resources; integrating regional energy markets and pushing forward green and low-carbon development.<sup>30</sup> Therefore, energy cooperation under the BRI can be understood as a massive collaboration of various actions among member countries' governments, companies and individuals. Moreover, it is also understood from the mentioned goals that the proposed energy cooperation will not only ensure the energy security of China but also hugely benefit the member countries. Another important aspect is the objectives of all BRI projects. Many assume that all BRI projects may have underlying political agendas and these projects are purely commercial mainly to benefit China.<sup>31</sup> Therefore, energy projects under BRI have to face these assumptions. Whatever results these energy projects will bring, at the initial stage, it can be said that if BRI maintains its proposed goals for energy cooperation, it can play an important role in integrating regional energy market and reducing each member country's energy deficiency.

By now, China is investing for 10 biggest power plant projects under the BRI. Of them eight power projects are in Pakistan within BRI's one of the important economic corridors – the China-Pakistan Economic Corridor (CPEC).<sup>32</sup> Eight power projects that are located in Pakistan under the CPEC are: (1) Suki Kinari Hydropower Project, that is being constructed on the Kunhar River in Pakhtunkhwa province and expected to generate 870 megawatt (MW) power; (2) Quaid-e- Azam Solar Park has been under construction since 2015 in Bahawalpur region, Punjab and supposed to generate 1,000MW power; (3) Kohala Hydel Project is under construction on the

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<sup>30</sup> Erica Downs, Mikkal E. Herberg, Michael Khugelman, Christopher Len and Kaho Yu, *Asia's Energy Security and China's Belt and Road Initiative*, Seattle, Washington, DC: National Bureau of Asian Research, November 2017.

<sup>31</sup> Ibid.

<sup>32</sup> Digvijay Bhusan, "Biggest Power Plants under China's Belt and Road Initiative (BRI)", 23 April 2019, available at <https://www.power-technology.com/features/biggest-power-plants-chinas-belt-road-initiative/>, accessed on 08 May 2019.

**Map 1: Major Power Projects of CPEC<sup>33</sup>**



Jhelum River, 85km east of Islamabad and expected to generate 1100MW power; (4) Thar Mine Mouth Oracle Power Plant is a proposed coal-fired power project in the Thar Block-VI of the Thar coal mines in Sindh province and expected to generate 1320MW power; (5) SSRL Thar SEC Mine Mouth Power Plant is under construction in the Thar-Block-I region of Sindh and expected to generate 1320MW power; (6) China Power Hub Generation Company (CPHGC) Power Plant is a coal-fired power project in Hub city, Baluchistan, which is under construction and expected to generate 1320MW power; (7) Sahiwal coal-fired power plant is operational since 2017 in the Sahiwal region in the Punjab generating 1320MW and connected to Pakistan’s national grid in 2019 and (8) Port Qasim power project is a coal-based power plant in the Sindh and has been operational since 2018. Apart from these eight power projects in Pakistan, one power project named Hassyan clean coal project is under construction since 2016, in the Gulf co-operation council region, Dubai, United Arab Emirates. The project is part of Dubai’s Integrated Energy Strategy 2030. While Dubai Electricity and Water Authority (DEWA) holds the majority (51 per cent) share in the project, ACWA Power holds 26.95 per cent, Harbin Electric International Company (HEI) holds 14.7 per cent and Silk Road Fund holds the remaining 7.35 per cent. This project will be generating 2400MW power. Another power project is the Kayan River cascade hydropower project. It is a multi-phase power development in the northern Kalimantan province, Indonesia. It has been under construction since 2010 and is part of Indonesia’s comprehensive economic corridor under the BRI. This project is expected to generate 9,000MW power.<sup>34</sup>

<sup>33</sup> Available at <https://obortunity.org/cpec-news/maps/>, accessed on 08 May 2019.

<sup>34</sup> Ibid.

For strengthening energy supply mechanism, in the ‘vision and Action’ document of the BRI, it is mentioned that through BRI, China will be trying to improve and expand the scale of oil and gas pipeline connectivity.<sup>35</sup> For bypassing unstable and insecure chokepoints like the Strait of Malacca and vulnerable routes in the disputed South China Sea, China is seeking to develop new land-based transit routes via friendly countries. Among friendly countries, Pakistan and Myanmar are two important countries with which China is trying to tie up for developing pipeline connectivity. In Myanmar, China has a crude oil and gas pipeline project. The oil pipeline is located in Kyaukpyu township in Myanmar’s Rakhine state. This project began operating in April 2017. This pipeline runs from Maday Island in Kyaukpyu township in Rakhine state to the city of Ruili in China’s southwestern Yunan province. It has the capacity to carry up to 22 million tons of oil annually. Another gas pipeline runs from Ramree Island in Kyaukpyu to China with an annual capacity of up to 12 billion cubic meters (bcm) of natural gas.<sup>36</sup> This crude oil and gas pipeline is supposed to be operated under the proposed China-Myanmar Economic Corridor (CMEC) of BRI.<sup>37</sup> With Pakistan, China is operating its CPEC project under which China has an oil pipeline development plan. It was reported in Pakistan in 2016 that the proposed oil pipeline would carry US\$ 1 million barrels per day of Middle Eastern oil to China.<sup>38</sup>

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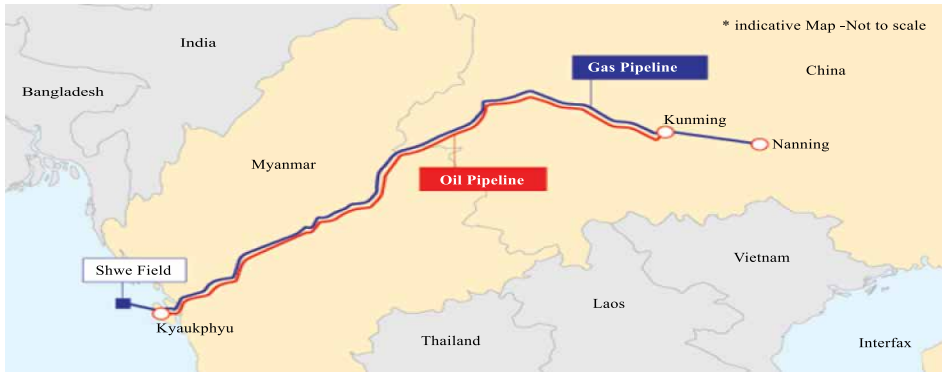
<sup>35</sup> National Development and Reform Commission and National Energy Administration (PRC), “Vision and Actions on Energy Cooperation in Jointly Building Silk Road Economic Belt and 21<sup>st</sup> - Century Maritime Silk Road”, 12 May 2017, available at [http://www.nea.gov.cn/2017-05/12/c\\_136277478.htm](http://www.nea.gov.cn/2017-05/12/c_136277478.htm), accessed on 22 April 2019.

<sup>36</sup> Christopher Len, “China’s Maritime Silk Road and Energy Geopolitics in the Indian Ocean: Motivations and Implications for the Region”, in Erica Downs, Mikal E. Herberg, Michael Kugelman, Christopher Len and Kaho Yu (eds.), *Asia’s Energy Security and China’s Belt and Road Initiative*, Seattle, Washington: National Bureau of Asian Research, 2017.

<sup>37</sup> Charles Williams, “Myanmar is set to embrace Xi’s Belt and Road Initiative”, *Global Risks Insights*, 04 January 2019, available at <https://globalriskinsights.com/2019/01/myanmar-set-embrace-xis-belt-road-initiative/>, accessed on 15 April 2019.

<sup>38</sup> Christopher Len, op. cit.

Map 2: Oil Pipeline from Myanmar to China<sup>39</sup>



In Central Asia, China is also cooperating through the BRI in developing integrated oil and gas pipeline. In this region, Azerbaijan is an important natural gas and oil rich country. The country has long aspiration to export its natural gas and oil to Turkey and Europe. Although Europeans made a project named ‘Nabucco’ in 2002 to export gas from Azerbaijan to Turkey and southern Europe, it failed due to lack of credit guarantees. In this context, China came to aid this project under its BRI. In 2011, a new pipeline named Trans-Anatolian Pipeline (TANAP) had been introduced. The pipeline is supposed to carry Azeri gas to Turkey and connect with the proposed Trans-Adriatic Pipeline (TAP) that would take the gas on to Italy.<sup>40</sup> The most important thing in this newly announced pipeline project is that China is backing the whole project. China’s Asia Infrastructure Investment Bank (AIIB) agreed to channel US\$ 600 million to support the TANAP project. This financial support from the AIIB is the largest investment till now. TANAP is one of two pipelines under the Southern Gas Corridor. In this corridor, another gas pipeline is TAP. BRI is involved in this corridor by backing up TANAP through AIIB. The involvement of AIIB is signalling the spirit of BRI to aid in connecting countries of BRI.<sup>41</sup> The TANAP gas is expected to deliver its first gas to European markets in 2020.<sup>42</sup> Another important aspect of this project is that this pipeline is expected to gas up only European countries, whereas most of the projects under the BRI end

<sup>39</sup> Hang Dong, “CNPC breaks ground on Yunnan spur of China-Myanmar line”, Interfax Energy, available at <http://interfaxenergy.com/article/14753/cnpc-breaks-ground-on-yunnan-spur-of-china-myanmar-line>, 12 December 2012, accessed on 25 March 2019.

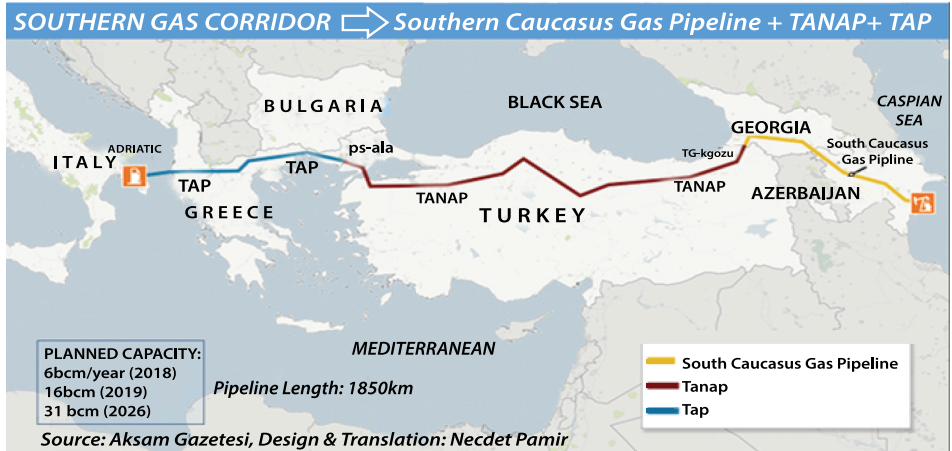
<sup>40</sup> John Mathews and Hao Tan, “China’s new Silk Road: is it black or green?”, *Energy Post*, 24 April 2017, available at <https://energypost.eu/chinas-new-silk-road-will-it-contribute-to-export-of-the-black-fossil-fueled-economy/>, accessed on 20 April 2019.

<sup>41</sup> Ibid.

<sup>42</sup> “TANAP to strengthen Turkey’s energy position in region”, *The Daily Sabah*, 21 February 2019, available at <https://www.dailysabah.com/energy/2019/02/21/tanap-to-strengthen-turkeys-energy-position-in-region>, accessed on 22 April 2019.

up reaching China. Therefore, this project shows the BRI spirit in connecting other countries not only with China but also among themselves.

**Map 3: TANAP and TAP Pipeline<sup>43</sup>**



In the map, it is showing that the Azeri gas is supposed to carry by TANAP from Azerbaijan’s Shah Deniz Gas field. This gas will run from Azerbaijan through Georgia and Turkey’s 20 provinces and end at the Greek border of the Ipsala district Turkey’s Edrine province. From this point, another gas pipeline TAP will carry the gas to other European countries. Initially, the TAP will carry the gas from Greece through Albania to Italy. Through this gas corridor, European countries are trying to improve their energy security by bringing natural gas from Caspian region and reducing dependency over Russian gas. Among all the pipeline projects under the BRI, Yamal Liquefied Natural Gas (Yamal LNG) project has experienced success since its operation. The Yamal LNG project is located in Russia’s Yamal Peninsula in the Arctic. The project reached its full production with its three production lines, each production line has capacity of 5.5 million tons per year. The production lines’ operation started in December 2017, August 2018 and December 2018 respectively. It is the first mega-energy cooperation project in Russia under the BRI. The project is owned by Russia’s Novatek (50.1 per cent), France’s 20 per cent and China’s Silk Road Fund 9.9 per cent.<sup>44</sup> Apart from financial involvement, Chinese contribution was also in the technical support for this project. China Offshore Oil Engineering Co. Ltd (COOEC) has an agreement with the Yamal project for manufacturing the

<sup>43</sup> Necdet Pamir, “The Pros and Cons of the Trans Anatolian Pipeline (TANAP)”, Sigma Turkey, 24 January 2018, available at <https://www.sigmatrkey.com/the-pros-and-cons-of-the-trans-anatolian-pipeline-tanap-energy/>, accessed on 16 October 2019.

<sup>44</sup> “10 Amazing Belt and Road Initiative Projects”, *Belt and Road News*, 06 April 2019, available at <https://www.beltandroad.news/2019/04/06/10-amazing-belt-and-road-initiative-projects/>, accessed on 25 April 2019.

Module Fabrication Work Package for this project. By doing this, Chinese engineers gained knowledge of gas production in such a harsh Arctic climatic condition. After successful production of the Yamal LNG project, it increased BRI's status in the world energy market. Furthermore, the successful launch of this project made prospective involvement of Chinese companies to other Arctic energy projects.<sup>45</sup> The location of Yamal LNG Project also allows half shipping time through the Northern Sea Route compared to Southern Sea Route. Through Northern Sea Route, it takes 15 days to reach Asia, whereas it takes 30 days to reach Asia by the traditional Southern Route through the Suez Canal. As one of the shareholders of Yamal LNG, China started importing arctic gas from the project. Petro China's Jiangsu Rudong LNG terminal is receiving arctic gas from this project. This gas is coming through Northern Sea Route.

**Map 4: Yamal LNG and Arctic Route for Fuel Shipping<sup>46</sup>**



In the map, it is showing that through the Northern Sea Route, the LNG shipment from the Yamal LNG project to China is taking half time compared to the traditional Southern Sea Route through the Suez Canal. After the success of this project, China now aims to build a 'Polar Silk Road' or 'Ice Silk Road' by developing arctic shipping routes. These shipping routes seem more viable than shipping through the Suez or Panama canals. In this regard, gas shipment from Yamal LNG project to China through the Northern Sea Route is increasing China's confidence to develop Ice Silk road along the Arctic.<sup>47</sup>

<sup>45</sup> Nadezhda Filimonova and Svetlana KrivoKhizh, "China's Stakes in the Russian Arctic: What's behind the China's decision to invest in a Russian LNG project above the Arctic circle?", *The Diplomat*, 18 January 2018, available at <https://thediplomat.com/2018/01/chinas-stakes-in-the-russian-arctic/>, accessed on 22 March 2019.

<sup>46</sup> "Arctic gas plants threatens native peoples in Ob River Mouth", available at <https://www.transrivers.org/2018/2188/>, accessed on 25 April 2019.

<sup>47</sup> "China to develop Arctic shipping routes opened by global warming", *BBC News*, 26 January 2018, available at <https://www.bbc.com/news/world-asia-china-42833178>, accessed on 25 April 2019.

Apart from connecting pipelines and power grids, China is also focusing on renewable energy projects along the BRI countries. As it is mentioned earlier that China is championing in the field of renewable energy, it is also notable that the country has become the world's largest overseas investor of Renewable Energy Sources (RES). Over the next 20 years, it will be investing more than US\$ 6 trillion in low-carbon power generation and other clean energy technologies. As part of its aspiration to build a 'Green Belt and Road', the country is now focusing on green and low-carbon clean energy. As part of this commitment, it is investing in the BRI countries' renewable energy generation projects. In Argentina, China funded for solar power plant. It is a 500MW solar power plant named Cauchari Solar Power Plant. For this plant, China funded 85 per cent of its total expenditure.<sup>48</sup> It is the largest renewable energy project in Latin America. Another major solar power project is situated in Egypt. China is also funding this project through the AIIB. This project is known as Benban Solar Park. Its capacity is 2 Gigawatt. China has also proposed hydro-power plant in Mongolia, the Democratic Republic of Congo and Indonesia.<sup>49</sup> In Turkey, China is also investing for renewable energy generation. In the upcoming years, China is expected to invest around US\$ 600 million in Turkey's renewable energy sector.<sup>50</sup> In UAE, China is jointly developed the Sweihan Photovoltaic Independent Power project.<sup>51</sup> It is a 1,177MW solar power generation project. It is anticipated that this power plant may generate power for 195,000 homes approximately. By doing so, it can cut seven million tonnes of carbon emissions a year.<sup>52</sup> In Kenya, China is investing for wind power generation. Sinomatch and General Electric are jointly building 102MW wind power project in Kapedo, Kenya. China is also financing Germany's Meerwind offshore wind farm.<sup>53</sup>

### 3.2 *Alternative Energy Route*

Ensuring uninterrupted energy supply is an utmost need for China's huge economy. Therefore, this issue is given high priority in BRI. Since China is still

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<sup>48</sup> Hu Min and Diego Montero, "Leveraging China's 'Green Soft Power' for Responsible Belt and Road Initiative Investment", *Forbes*, 14 May 2019, available at <https://www.forbes.com/sites/energyinnovation/2019/05/14/leveraging-chinas-green-soft-power-for-responsible-belt-and-road-initiative-investment/#c848e6b3e4f0>, accessed on 20 May 2019.

<sup>49</sup> Ibid.

<sup>50</sup> "Belt and Road to prop up Chinese renewable projects in Turkey", *The Daily Sabah*, 23 April 2019, available at <https://www.dailysabah.com/energy/2019/04/23/belt-and-road-to-prop-up-chinese-renewable-projects-in-turkey>, accessed on 20 May 2019.

<sup>51</sup> Han Chen, "Greener Power Projects for Belt and Road Initiative (BRI)", *NRDC*, 22 April 2019, available at <https://www.nrdc.org/experts/han-chen/greener-power-projects-belt-road-initiative-bri>, accessed on 20 May 2019.

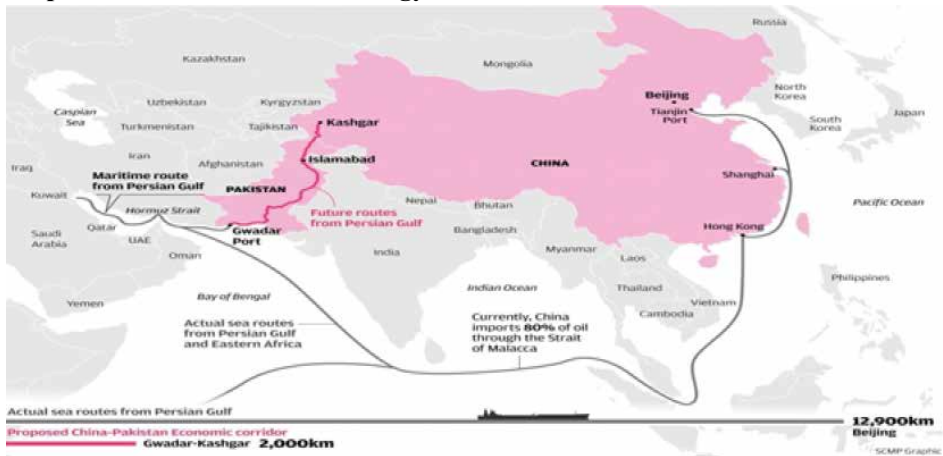
<sup>52</sup> "Sweihan Photovoltaic Independent Power Project, Abu Dhabi", *Power Technology*, available at <https://www.power-technology.com/projects/sweihan-photovoltaic-independent-power-project-abu-dhabi/>, accessed on 20 May 2019.

<sup>53</sup> Han Chen, op. cit.



relying heavily on fossil fuel, its fossil fuel shipments are heavily dependent on the Strait of Malacca. The country’s 80 per cent of oil imports come through this vital choke point.<sup>54</sup> The map below is showing that the distance between the proposed route of Gwador Port in Baluchistan to the city of Kashgar in Xinjiang is only 2,000km whereas the existing energy sea route from Persian Gulf via the Strait of Malacca to Beijing is 12,900km. Famously known as China’s ‘Malacca Dilemma’ termed by the former Chinese President Hu Jintao,<sup>55</sup> which means the country’s heavy reliance on this single chokepoint – the Strait of Malacca, is vulnerable to disruption. This chokepoint is China’s security concern because it is currently the only route through which China’s energy shipments have to pass. Therefore, any disruption or blockade of this chokepoint can lead to a serious energy and trade crises in China.<sup>56</sup> Currently, the US is patrolling the Strait of Malacca chokepoint and India has developed credible naval presence in the Andaman Sea adjacent to this chokepoint. India is also partnering with the US and other countries for safeguarding this chokepoint. Hence, this situation can translate into a threat in any kind of conflict among rival navies. The blockade situation in the Strait of Malacca during any kind of conflict may lead to severe political and economic consequences in China.

**Map 5: China’s Alternative Energy Route<sup>57</sup>**



<sup>54</sup> Steven Stashwick, “China’s Security Gambit in the Indian Ocean”, *The Diplomat*, 11 May 2018, available at <https://thediplomat.com/2018/05/chinas-security-gambit-in-the-indian-ocean/>, accessed on 05 May 2019.

<sup>55</sup> Vidya Sagar Reddy, “Reinforcing China’s Malacca Dilemma”, Center for International Maritime Security (CIMSEC), 15 September 2016, available at <http://cimsec.org/reinforcing-chinas-malacca-dilemma/28117>, accessed on 07 May 2019.

<sup>56</sup> Ibid.

<sup>57</sup> Vidya Sagar Reddy, “Reinforcing China’s Malacca Dilemma”, Center for International Maritime Security (CIMSEC), 15 September 2016, available at <http://cimsec.org/reinforcing-chinas-malacca-dilemma/28117>, accessed on 07 May 2019.

To avoid such disruption, China proposed new sea route from Gwadar Port to Xinjiang Province. The proposed route is under the CPEC of BRI. Since Pakistan links East Asia, Central Asia and the Middle East with land routes and sea lines, it allows Gwadar Port to be a hub of trade in BRI. This port is only 2000km away from China's Xinjiang province. Therefore, Gwadar port can be an alternative choice for China to avoid oil shipping through the Strait of Malacca.<sup>58</sup> China is also involved with South China Sea dispute with Brunei, Malaysia, Indonesia, the Philippines and Vietnam. As it is showing in the map that the Chinese oil shipments are passing from Persian Gulf through the Strait of Malacca via South China Sea. Therefore, any kind of volatile situation in the South China Sea will also create disruption in oil shipment.<sup>59</sup>

Currently Pakistan has two international deep-sea ports – Karachi Port and Port Qasim. Under the CPEC, China proposed Pakistan to help in building its third deep-sea port - Gwadar Port. Gwadar is located on the shores of the Arabian Sea in the western province of Balochistan. It is about 533km from Karachi and 120km from the Iranian border. Gwadar Port is located at the mouth of the Persian Gulf, just outside the Strait of Hormuz, near the key shipping routes in and out of the Persian Gulf.<sup>60</sup> Although the Gwadar port construction was inaugurated by Prime Minister Parvez Musharraf in 2005, it was announced in 2015 that the Gwadar Port would be developed under China's CPEC initiative with Pakistan. From the year 2015, construction work in Gwadar Port started and this port city has been officially leased to China for 43 years until 2059.<sup>61</sup> Once this port gets operational, it is expected that China may use a shorter and cheaper route for its oil shipments by circumventing the Strait of Malacca and vulnerable shipping lanes through disputed South China Sea. By constructing this deep-sea port, China is also creating an alternative route for other countries. Connecting the Arabian Sea to the Eurasian heartland, the port could serve as a transit point for alternative routes between China, Afghanistan, Central Asia and Middle Eastern countries.<sup>62</sup> Therefore, the Gwadar Port under the CPEC of the BRI is going to bring a massive change in the existing energy order as it will usher a new route for oil shipments. Also, China can avoid any potential confrontation with the US in the context of the US' growing presence in the South China Sea, where it is seeking to expand its influence as part of its pivot to Asia.<sup>63</sup>

<sup>58</sup> Kaho Yu, "Energy Cooperation and Regional Order in the Belt and Road Initiative: A Case Study of China's Investment in the China-Pakistan Economic Corridor", *London Asia Pacific Centre for Social Science*, October 2018, available at <https://www.kcl.ac.uk/sspp/schools/global-affairs/lapc/lapc-wp-kaho-yu.pdf>, accessed on 07 May 2019.

<sup>59</sup> Roncevert Ganan Almond, "Trade, War, and the South China Sea", *The Diplomat*, 01 September 2018, available at <https://thediplomat.com/2018/09/trade-war-and-the-south-china-sea/>, accessed on 25 June 2019.

<sup>60</sup> "Gwadar port", available at <http://www.gwadarport.gov.pk/about%20us.aspx>, accessed on 25 June 2019.

<sup>61</sup> "Pakistan hands over 2,000 acres to China in Gwadar port city", *Indian Express*, 12 November 2015, available at <https://indianexpress.com/article/india/india-news-india/pakistan-hands-over-2000-acres-to-china-in-gwadar-port-city/>, accessed on 20 June 2019.

<sup>62</sup> Kaho Yu, op. cit.

<sup>63</sup> Omar Alam, "China-Pakistan Economic Corridor: Towards a New Heartland?", *Centre for Security Studies*, 21 December 2015, available at <https://isnblog.ethz.ch/international-relations/china-pakistan-economic-corridor-towards-a-new-heartland>, accessed on 20 April 2019.

### 3.3 *Regional Energy Market and Value Chain Integration*

BRI may create opportunities for regional energy market in the long run. It may drive energy related industries due to numerous energy projects are running under this mega plan and many more projects are in the pipeline. Energy projects that involve pipeline construction, port development and power plant construction create markets for construction and machinery industries. Because of various energy projects in various countries, BRI may create opportunities for different energy hubs in different regions. These energy hubs will help countries to buy and sell power among themselves. Therefore, in the long run, BRI countries may consider establishing regional energy markets in different regions. For natural gas and power, regional markets will be developed around pipelines and transmission grids. Moreover, under BRI's energy cooperation, it offers to diversify the value chain in energy generation from traditional upstream exploitation and exploration of fossil energy to downstream activities such as pipeline construction and petrochemical operations associated with renewable energy development. There might be opportunities for Chinese enterprises to adopt various practices including direct investment, mergers and acquisitions, public-private partnerships and engineering, procurement and construction contracts. There might be more diverse contract options including the utilization of joint ventures and production-sharing agreements.<sup>64</sup>

## 4. **How Can BRI Influence the Geopolitics of Energy**

BRI's numerous successful operational energy projects will have a significant impact on the shaping of energy geopolitics in the coming days. These projects are transnational in nature and are contributing in both renewable and non-renewable energy generation. With these projects, BRI is likely to influence the transformation of the international energy order. Its energy principles are supporting the latest trend of international energy order which is replacing the 20<sup>th</sup> century's energy order. BRI's energy vision is also likely to manipulate the power politics of the Indian Ocean. China is growing its naval engagement and port establishment in the Indian Ocean due to safeguard its energy security which is also beneficial for BRI countries. But this situation has misgivings about a Sinocentric regional order. It has raised concern for the US and other Asian powers.<sup>65</sup> Therefore, it is likely to increase strategic rivalry between regional powers.<sup>66</sup> Another important influence that BRI is

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<sup>64</sup> Kaho Yu, "The Geopolitics of Energy Cooperation in China's Belt and Road Initiative", in Erica Downs, Mikkal E. Herberg, Michael Kugelman, Christopher Len and Kaho Yu (eds.), *Asia's Energy Security and China's Belt and Road Initiative*, Seattle, Washington: National Bureau of Asian Research, 2017.

<sup>65</sup> Jae Ho Chung, "The Rise of China and East Asia: A New Regional Order on the Horizon?", *Chinese Political Science Review*, Vol. 1, No. 1, March 2016, pp. 47-59.

<sup>66</sup> Ibid.

fuelling is the promotion of new multilateral institutions regarding energy. Hence, in this section, BRI's influence over energy geopolitics has been discussed based on these three angles.

#### 4.1 *New Energy Order?*

With an intense adjustment in international energy supply and demand, the transformation of international energy order is in the making. In this transformation, BRI is supposed to make an important contribution. It is promoting interaction between producers and consumers and providing new security and economic values to the international energy order. The shift in major players has made the international energy pattern more balanced. This situation helps in elevating the status of consumer countries in the international energy market. In the changing energy order, interactive relations among various actors tend to be equal and fair. A common, integrated, cooperative and sustainable international energy security concept and green and low-carbon energy economic values have begun to replace the traditional concepts based on zero-sum game and cost efficiency.<sup>67</sup> BRI is in line with this trend. It promises to provide opportunities for countries and energy companies to expand oil and gas exploration and transportation capacity, enhance technologies and broaden the scope of new energy applications.<sup>68</sup>

In addition, there are three key variables in the analysis of international energy order. These are the structure of power distribution among international energy actors and their mode of interaction, the international energy institutions and their code of conduct and the values of international energy economy. These variables can be influenced by the energy cooperation under BRI in the coming days. Because, energy cooperation under the BRI promotes the interaction between producer and consumer countries by both boosting production capacity and creating a cooperative mechanism among consumer countries. The principle of upholding justice along with shared interests and new thinking on common, comprehensive, cooperative and sustainable security advocated by the BRI energy cooperation will also provide new security and economic values to the international energy order.<sup>69</sup>

#### 4.2 *Power Politics in the Indian Ocean Region*

BRI's network of ports in the Indian Ocean (IO) littoral countries has important contribution in shaping the power politics among regional and extra

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<sup>67</sup> Yang Chenxi, "Belt and Road Initiative and Transformation of International Energy Order", *Pressreader*, 20 May 2018, available at <https://www.pressreader.com/>, accessed on 25 October 2018.

<sup>68</sup> *Ibid.*

<sup>69</sup> *Ibid.*

regional powers of IO. Although the BRI aims to unite each and every littoral state of the IO under the BRI umbrella for common prosperity, some major states do not take this mega initiative lightly. India as one of the major powers of the region did not take the idea of BRI positively. For both China and India, IO is an important place for ensuring their energy security. Mainly for uninterrupted energy supply, China is creating network of ports and pipelines in IO littoral states to avoid heavy reliance over traditional chokepoints. Through these ports and pipelines, participating countries are also supposed to be benefitted in the long run. If any deadlock arises in the traditional chokepoints, namely the Strait of Malacca and sea lanes in the South China Sea, then, China and BRI countries can use alternative energy routes. However, India has discomfort with BRI and is unwelcoming China's port construction for ensuring energy supply lines. Like India, some other neighbours such as Japan and Australia have also discomfiture about BRI.

Another important point is that the current superpower, the US is also not very comfortable with Chinese idea of BRI. Due to China's influence over most of the countries through BRI, the US is facing 'polar influence' from China.<sup>70</sup> Particularly, BRI's construction of ports, pipelines and infrastructures are creating concern for IO regional and extra regional powers. Considering security perspectives in the IO in the context of BRI, the Quadrilateral Security Dialogue (QUAD) – has been formed by US, Japan, Australia and India. This reflects some quarters' suspicious response over BRI. The QUAD is trying to set off the idea of 'Free and Open Indo-Pacific' by promoting rules-based order in Asia. Apart from joint initiative, Quad countries separately showed their responses towards BRI. India in response to BRI introduced 'Mausam' - a strategic project aims at reestablishing India's trade and shipping links with IO countries, 'Cotton Road' – aims to firm up diplomatic and economic relations with IO countries.<sup>71</sup> With Japan, Indian Prime Minister Modi agreed to establish Asia-Africa Growth Corridor (AAGC) to enhance growth and connectivity between Asia and Africa. India is also constructing Chabahar Port in Iran for the betterment of transport and transit connectivity. Russia is also not very comfortable with China and views India as less of a competitor. In response to the BRI, Russia together with Iran and India signed an agreement to develop an International North-South Transport Corridor (INSTC). INSTC is supposed to be the shortest route to link the IO and the Persian Gulf to the Caspian Sea via Iran and St Petersburg.

Therefore, BRI is attractive to some countries since it offers incentives of trade, connectivity and infrastructure development. Others, especially regional powers and the US have resisted it directly or indirectly due to varying degrees of fear of increased competition. This situation creates the IO a growing area of

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<sup>70</sup> Naren Chitty, Dalbir Ahlawat, Mei Li and D Gopal, "The Chinese Belt and Road Initiative and the Indian Ocean Region: Sentiment towards Economic Prosperity and Security Implications", *The Indian Journal of Politics*, Vol. 52, No. 1-2, 2018, pp. 1-20.

<sup>71</sup> Ibid.

competition especially between the two regional powers, India and China. To have primacy over regional influence, regional powers are playing power politics to have the dominance. In this sense, BRI is fuelling this power play in the IO although its aim is not to create any competition rather than aiding development.<sup>72</sup>

### 4.3 *Moving toward New Multilateralism?*

With its numerous energy projects, BRI is promoting a platform for energy cooperation which is ultimately leading to new multilateralism in the energy sector. It is evident that China is no longer relying on the existing West-led energy order. Therefore, the country is trying to stimulate new energy order by promoting energy cooperation under BRI. This energy cooperation involves numerous transnational energy projects. Due to these transnational energy projects, Chinese overseas investments are also increasing day by day. Although, China through its BRI, is operating trillion dollars worth of energy projects in BRI countries, there is still a lack of appropriate international legal framework for safeguarding its overseas energy investments. In both regional and global levels, a well-structured energy governance will play an important role in successful implementation of the BRI. If there is any kind of trade disputes or cross-border transportation problem, then China and its BRI members will be in need of an authorized body to resolve these problems. BRI countries lack a transnational legal framework. Chinese enterprises that are closely linked with BRI's energy projects have already started raising the issue of dispute settlement. In this context, since China is trying to avoid its reliance over West-led multilateral institutions for energy governance, the country launched the Belt and Road Energy Partnership (BREP) during the second Belt and Road Energy Forum in 2019. BREP may act as similar as the International Energy Agency (IEA). It may follow an energy charter like the IEA. China also established several other multilateral institutions such as the Asian Infrastructure Investment Bank (AIIB), the Silk Road Fund, the Shanghai Cooperation Organization and the South-South Cooperation Fund on Climate Change. These multilateral institutions are also directly or indirectly supporting BRI's energy projects. Specifically, the AIIB is directly funding many BRI energy projects.<sup>73</sup> Therefore, through energy cooperation under BRI, China is promoting multilateralism by establishing the BREP and other financial multilateral development institutions. These multilateral institutions will surely have a definite impact in shaping the energy order and energy governance.

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<sup>72</sup> Eleanor Albert, "Competition in the Indian Ocean", *Council on Foreign Relations*, 19 May 2016, available at <https://www.cfr.org/background/competition-indian-ocean>, accessed on 20 May 2019.

<sup>73</sup> Mike Callaghan and Paul Hubbard, "The Asian Infrastructure Investment Bank: Multilateralism on the Silk Road", *China Economic Journal*, Vol. 9, No. 2, 2016, pp. 116-139.

## 5. Concluding Remarks

China's BRI is offering huge amount of opportunities for investment and infrastructure building in the energy sector. Since energy got one of the highest priorities in BRI, the country is expanding its overseas energy projects gradually. Although securing its own energy demand is one of the main interests of China to expand its energy footprints overseas through BRI, this will be largely benefitting to all BRI countries. Under BRI energy projects, China is trying to diversify energy resource transportation routes away from traditional chokepoints and vulnerable sea lanes. These alternative routes are supposed to be beneficial for all BRI countries in any sudden blockade situation in traditional chokepoints. Energy cooperation among BRI countries is strengthening progressively with these alternative routes, newly developed shipping lanes and newly constructed ports and pipelines. BRI's energy projects are also likely to influence in shaping the new energy order. Since the BRI is aiding the new energy powers by funding their energy projects, promoting renewable energy generation and promoting multilateral institutions to support energy governance, this mega plan is gradually contributing in shaping the new energy order. Through its massive contribution in energy sector – important variables of the energy order are likely to be influenced to a great extent. These variables are structure of power distribution among international energy actors and their mode of interaction, international energy institutions and their code of conduct and the values of international energy economy. Because, energy cooperation under BRI promotes the interaction between producer and consumer countries by both boosting production capacity and creating a cooperative mechanism among consumer countries. BRI energy cooperation supports the principle of upholding justice along with shared interests and new thinking on common, comprehensive, cooperative and sustainable security. Therefore, this energy cooperation under BRI may provide new security and economic values to the international energy order.

In closing, although the BRI offers a holistic approach to connect countries and regions for getting benefits from developed infrastructure, integrated trade facilities, sustainable energy as well as common prosperity for all, it creates confusion to some regional and extra regional stakeholders. Along with constructing ports and pipelines to develop the energy infrastructure, China is also increasing its naval engagement in the Indian Ocean to protect and safeguard its energy infrastructure. However, these developments are creating concerns for the US and other regional powers. Particularly, India is not comfortable with BRI's energy projects throughout the Indian Ocean. In this context, if China successfully manages to avoid power rivalry and accommodate new energy powers, then BRI's energy projects can provide the full benefit. Since the BRI is in conformity with the latest trend of energy generation, it will make the international energy structure more balanced. Once the energy structure becomes balanced, it will create credible patterns of interaction between buyer and seller. This will in the long-run establish new energy values and shape the geopolitics of energy.