

THE NEW SILK ROAD: CHINA' ENERGY POLICY AND STRATEGY IN THE MENA REGION

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Abstract: China is in dire need of energy resources to sustain its growth. In recent years, China has been turning more to Saudi Arabia and Iran in the Middle East as well as Sudan in North Africa as trade partners to secure its energy supply and fuel its increasing growth. This paper explores China's energy policy in the Middle East and North African (MENA) region by studying three cases: Sudan in North Africa, and Saudi Arabia and Iran in the Middle East. Data was obtained from review of relevant literature. It is found out that China's oil policy is very much driven by the Beijing Consensus. China has applied an equity ownership strategy to have more control over oil flows as a shield against price fluctuations and to reduce supply interruption. Civil unrest and conflicts in the MENA region threatens to disrupt China's energy supply channels, which implies that China should work for peace in the MENA region to achieve its sustainable energy supply.

Keywords: Chinese diplomacy, energy policy, Middle East, North Africa, oil politics

I. INTRODUCTION

With more than 800 billion barrels of crude oil reserves, the Middle East has already made a name for itself. In North Africa, Sudan, Algeria, and Libya have also experienced increasing number of oil discoveries in the recent decades. As the second largest economy in the world, China is in dire need of energy resources to sustain its growth. Hence, China and MENA countries encounter mutual interests. Trying to secure its energy supply and fuel its increasing growth, China turned to Saudi Arabia and Iran

in the Middle East as well as Sudan in North Africa as trade partners. In 2013, China was a dominant trade partner to Saudi Arabia, Iran, and Sudan: China was the largest of Saudi Arabia's trade partners and the third largest importer of Saudi crude oil; China was the largest trade partner both of Sudan and Iran, as well as the largest importer of Sudanese and Iranian oil.

Since China's ascension to the world's top economies, China's energy needs have been studied as part of a growing literature.