Pivot Out of the Pacific

Oil and the Creation of a Chinese Empire in the Twentieth and Twenty-First Centuries

Capt. Philip Murray, U.S. Army

Oil stands alone as a resource of tremendous strategic value for modern nation-states. Difficult to find, expensive to extract, and often geographically concentrated in remote hinterlands, the quest for oil incites geopolitical anxieties among global powers. Events of the twentieth and twenty-first centuries demonstrate that access to, and possession of, oil resources often greatly enhance the chances of economic and military success. For this reason, the location, volume, and access to oil resources generate great intrigue among global actors. Oil enables military maneuvers, sustains industrial and agricultural output, and fuels domestic transportation networks. As such, oil is a powerful strategic source of strength and vulnerability. National security and energy strategies are often written separately, but in the age of petroleum, they are inextricably linked. Within the field of grand strategy, oil represents the unassailable cornerstone of "means" by which all "ways" and "ends" are accomplished.

In the history of oil-consuming nations, China's experience stands out as uniquely complex. Within the span of more than thirty years (1985 to present), China changed from the fifth largest exporter of oil to the leading consumer of oil imports globally.[1] China's increasing reliance on foreign oil imports has been a cause for concern for the Chinese Communist Party (CCP), the United States, and other leading oil-importing nations. Beginning in 1963, China achieved oil independence, but, in 1993, China began consuming more oil than it could produce domestically (see figure 1, page 55).[2] Chinese strategists view the country's increasing reliance on foreign oil imports as a strategic vulnerability and an extreme constraint on Chinese strategic action. Basing its continued political dominance on continuous economic development, the CCP's options are limited. In the last decade alone, Chinese demand for crude increased to roughly 5.5 million barrels per day, more than that of any other nation. The only option available to China after it became a net importer of crude oil in 1993 was competition on the global market. To the great concern of the United States and other observers, Chinese national oil companies (NOCs) rapidly expanded into the global oil market, and the institutions of Chinese state power followed in support.

Previous page: Composite graphic by Arin Burgess, *Military Review*. Graphic elements courtesy of Vecteezy, www.vecteezy.com.

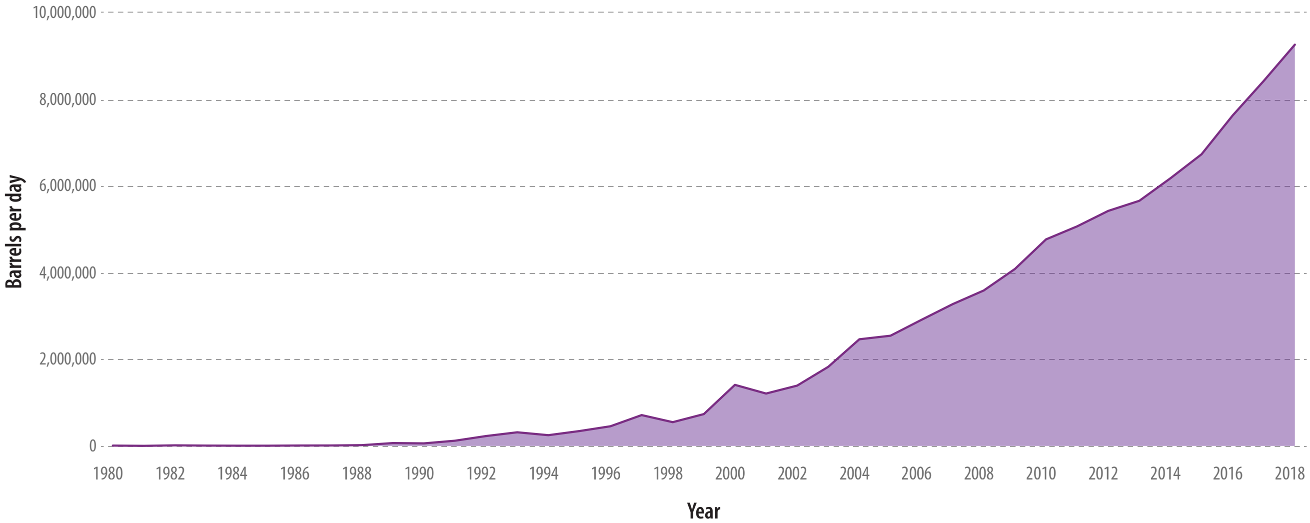
China's rise as a global power was, by no coincidence, concurrent with its emergence as a major global importer of foreign oil. The transition from exporter to consumer has spurred wide disagreement about the goals and implications of Chinese grand strategy. In contemporary times, China has risen to become the world's largest consumer of oil imports and the eighth largest producer of crude (see figure 2, page 56).[3] From 1993 to the present, the United States and other major actors with interests in the global oil economy have observed Chinese energy security strategy with great suspicion. Much like concerns over Chinese national security strategy, many speculators are concerned that China is pursuing a neomercantilist energy security strategy with the goal of overthrowing the current economic world order.[4]

Meanwhile, official Chinese statements on energy security strategy have emphasized the country's commitment to mutual benefit, international development, and equitable profit sharing among all nations. Analyzing Chinese energy security strategy from the perspective of its NOCs as independent actors provides a better picture of the underlying fundamentals of Chinese grand strategy. In most instances within China's short history as an oil consumer, the NOCs act first in pursuit of their own profit-driven interest, and then national grand strategy follows in support of increased access, profit, and sustained secure energy resources. There is a reason that China was rapidly able to secure, develop, and reap the benefits of international oil-producing nations in the early 1990s, but China did not draft a comprehensive petroleum security strategy until 1997.[5]

Contrary to the views of many contemporary Chinese grand strategy theorists, contemporary

Capt. Philip Murray, U.S. Army, is a graduate student of history at Georgetown University in Washington, D.C. He holds a BS in anthropology from Montana State University and a graduate certificate in international security from the University of Arizona. Murray served with the 4th Infantry Division, Intelligence and Security Command, and United States Army Pacific.

This satellite image of China and its neighboring states was compiled using data from a sensor aboard the NASA-NOAA Suomi National Polar-orbiting Partnership satellite launched in 2011. Each white area on the Earth's surface is a concentrated source of light, providing a good indicator of the extensive requirements for electricity in cities. In its aggressive program to increase its economic development, China has become a major energy consumer and the world's largest importer of oil. (Image courtesy of NASA)



(Figure courtesy of CEIC, www.ceicdata.com; data as reported from the Organization of the Petroleum Exporting Countries)

Figure 1. China's Crude Oil Imports from 1980-2018

Chinese grand strategy is not a replication of an ancient pattern of peculiar behavior and, in fact, is based on profit-driven decision-making and the pursuit of energy security for continued economic development. Though the modern Chinese nation-state is a relatively new creation, the legacy of its pre-modern historical precedents do not imbue it with a uniquely pacifistic approach to foreign policy unlike that of other countries. On the contrary, the pursuit of oil resources abroad to fuel the continued economic growth and prosperity of the emerging modern Chinese nation has necessitated the adoption of a strategy of capitalist informal imperialism abroad. As the author argues below, China's energy security history has serious implications on our understanding of Chinese grand strategy that are not well explained by prevailing theoretical constructs.

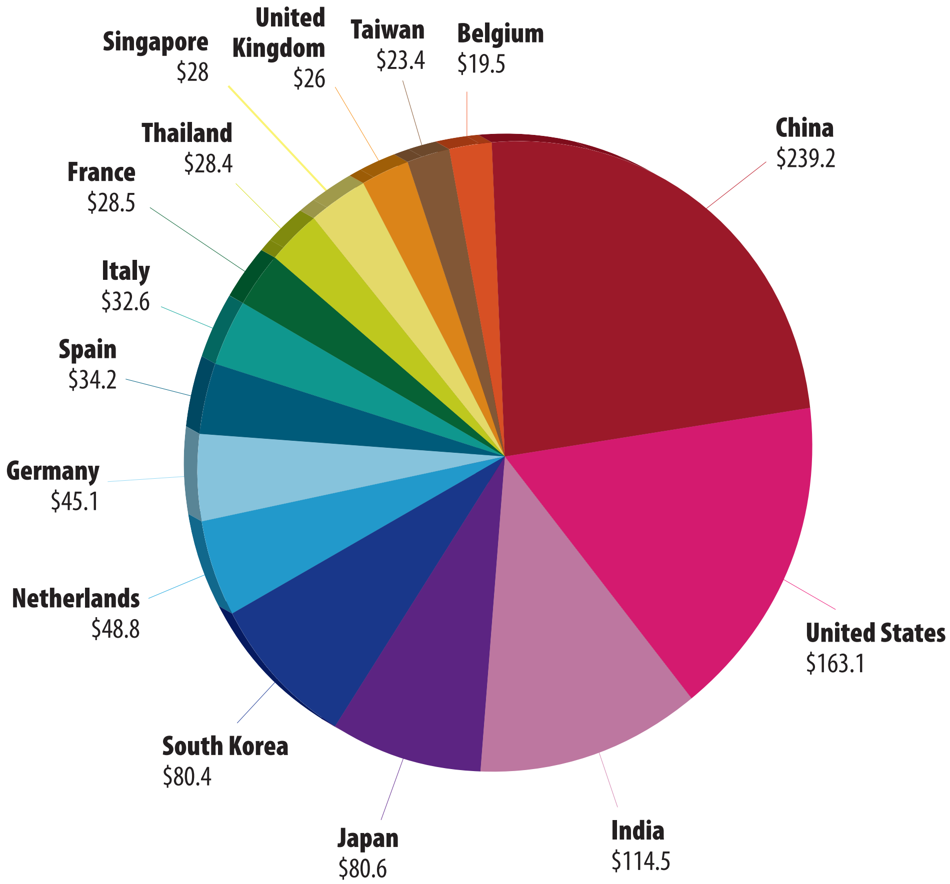
The Fairbank Model—Lasting Impact on History and Grand Strategy

Harvard historian John King Fairbank, considered by many to be the eminent authority on twentieth-century Chinese history, developed a theory explaining the Chinese view of the relationship of Chinese foreign relations to grand strategy based on a unique Chinese cultural perception of the world. His theory, laid out in *The Chinese World Order*, remains influential for contemporary political theorization about Chinese grand strategy, and has even undergone a revival since the advent of China's "rise."

The implications of Fairbank's initial theory of Chinese foreign relations and grand strategy have had far-reaching repercussions on policy makers and grand strategists both within and outside of China. In response, recently published works within the emergent New Qing History school of thought have challenged the fundamental principles underlying Fairbank's thesis. However, while some historians have begun course correcting the field of East Asian history to update Fairbank's model, some grand strategists have not caught up with the new empirical research and interpretation. As a result, although the foundation of Fairbank's theory rests on old, incomplete, and inaccurate historical narratives, it continues to shape outsiders' perceptions of Chinese state policy and grand strategy.

The most popular definitions of grand strategy conceptualize three constituent elements: ends, ways, and means.[6] Far from a purely military calculation on the use of force, grand strategy provides a method of planning that considers the limitations and adversarial impediments on achieving desired political ends. For strategists, history provides foundational knowledge and case studies for the formulation of grand strategy.[7]

To greater or lesser degrees, various strategists adhere to deterministic schools of thought regarding



In 2018, these fifteen countries purchased 83.9% of all crude oil imports.

(Figure by Arin Burgess, *Military Review*. Data courtesy of World's Top Exports, http://www.worldstopexports.com)

Figure 2. Top Fifteen Countries that Imported the Highest Dollar Value (in billions) Worth of Crude Oil during 2018

history, culture, environment, and geography. One consequence is that experienced statesmen such as Henry Kissinger and popular strategy authors like Robert Kaplan expend painstaking analysis in fruitless efforts to explain how the modern Chinese state exercises its unique world order in foreign relations.[8]

Other scholars such as Wu Shicun, president of the National Institute for South China Sea Studies, and Wang Qingxin, professor of East Asian international relations at the State University of New York at Buffalo, also continue to assert claims of a unique Chinese view of world order and practice of foreign relations based on Fairbank's ideas.[9] When it comes to the study of Chinese grand strategy, historical and cultural determinism based on Fairbank's original theory of "the Chinese world order" has dominated the field.

Fairbank argues that the Chinese world order represents a uniquely Eastern (Chinese) model of foreign relations distinct from the European Westphalian international order. As Fairbank states in his preliminary framework, the Eastern model of foreign relations is so distinct and uniquely Chinese that "international and even interstate do not seem appropriate terms for it. We prefer to call it the Chinese world order."[10] This broad concept by Fairbank is often referred to as *Tianxia* (all those under heaven): the concept of universal kinship and Sinocentric cultural political authority that centrally underpins Fairbank's thesis.

For Fairbank, all external polities or Tianxia—that is, polities neighboring "Chinese" states—were irresistibly drawn into participation in the system of Chinese world order. "Chinese" states are those that subsequent Chinese official histories and modern Chinese national historians recognize as legitimate successors in a chain of "Chinese" dynasties. In fact, these states varied as much in their territory, the ethnic makeup of their elites, their ruling ideology, and other factors as did various kingdoms of western Europe in classical through modern times. Fairbank describes this system of relations as a graded and concentrically radiating hierarchy ordered by Confucian ideology. Peripheral polities interacted diplomatically and commercially with the "Chinese" center through what Fairbank named "the tributary system."

Stressing the importance of Confucian hierarchy to the model, the tributary system ritually defines the Chinese world order and confirms the hierarchical superiority of Chinese cultural hegemony. In Fairbank's version, Japan and Korea were understood by "Chinese" imperial courts to be vassal states. Thanks to the power of Chinese culture and ritual subservience to the emperor, "Chinese" civilization could, according to the Chinese World Order theory, control its neighbors within an orbit of peaceful coexistence without resorting to military force.

Fairbank was aware that this model was more ritualistic Chinese conceit than an accurate description of the East Asian past (he knew that the Chinese historical sources describe many wars). However, problematic in its many variations, this theory has spawned and perpetuated a common belief in the "Confucian peace": the idea that international relations in East Asia were historically more peaceful than elsewhere, and, indeed, that Chinese power actually eschews violence and exercises a preference for peaceful/defensive strategies.

The painful truth is that the Chinese World Order model hardly works as an explanation of Chinese and East Asian interpolity relations in the past and carries no significant explanative value for understanding the grand strategy of the People's Republic of China. To fully explain the spectrum of Chinese strategy and actions, the limited power of Tianxia is too simplistic to survive historical scrutiny. Contemporary scholars of Chinese history such as Peter C. Perdue have effectively argued against outdated arguments based on the Fairbank model that assert the tributary system represents a unique strain of East Asian foreign relations.[11] The practice of tributary relations, albeit a ritualized feature of some dynasties' diplomacy, never replaced reliance by states on the East Asian mainland on the use of raw military power and aggressive realpolitik. In particular, the Qing, the immediate imperial predecessors of twentieth-century Chinese republics, built an empire twice the size of their predecessors the Ming through military expansion and savvy diplomacy. The new acquisitions in Mongolia, Xinjiang, and Tibet were manifest imperial possessions, not "tributaries."

The notion of a unitary China stretching back for centuries and managing foreign relations through the Fairbankian Chinese World Order/Tianxia/tributary system model still shapes thinking and has confounded the formulation of an accurate understanding of Chinese grand strategy in contemporary contexts. Byproducts of this exceptionalist misrepresentation are "capitalism with Chinese characteristics," "communism with Chinese characteristics," and "international relations with Chinese characteristics."[12] These commonly used slogans often obfuscate the fact that the Chinese nation-state acts along lines similar to those of other modern post-Westphalian nation-states (a category to which both the Republic and People's Republic of China obviously belong). In no other aspect has the Chinese nation-state's behavior been more emblematic of classic nation-state imperialism than in its pursuit of oil resources.

Fairbank's theories regarding Chinese grand strategy and foreign relations have a persuasive coherency, seductive to historians and strategists alike. It is simpler to work with the notion of one monolithic Chinese strategic modality of behavior than to comprehend a complex, varied Chinese history filled with small but powerful actors such as NOCs.

In no small way, Fairbank's theories have shackled the study of Chinese grand strategy to the confines of historical and cultural determinism, but an evaluation of the history of the Chinese search for petroleum security dispels any notion that Chinese grand strategy is monolithic or even somehow uniquely Sinocentric. The pressures of a global capitalist world order, fueled by petroleum, have inspired strategic behavior closely paralleling that of other world powers. As China became an ascendant great power, Chinese NOCs gained massive economic and political influence to help the Chinese state develop informal imperial connections across the globe.

Chinese Petroleum Security Strategy Becomes Global

The evolution of China from an oil-exporting to an oil-importing nation hastened the speed with which the country became a powerful international actor. The pace of Chinese economic expansion and energy consumption places extreme demands on the CCP and the global oil economy. It has also raised concerns about the exact strategic ends the CCP is pursuing with its global energy security strategy. In response, the Information Office of the State Council released *China's Energy Policy 2012* stating,

> China did not, does not and will not pose any threat to the world's energy security. Abiding by the principle of equality, reciprocity and mutual benefit, it will further strengthen its

> cooperation with other energy producing and consuming countries as well as international energy organizations, and work together with them to promote a sustainable energy development around the world. It will strive to maintain stability of the international energy market and energy prices, secure the international energy transportation routes, and make due contributions to safeguarding international energy security and addressing global climate change.[13]

This statement paints an optimistic image for the future of the global oil economy with a rising China. However, the Chinese ownership of the NOCs and the secrecy with which China conducts business have led many to conclude that every action China's NOCs take is in concert with a CCP grand strategy to overthrow the international economic order. But, in fact, it is the profit-driven actions of Chinese NOCs that have pulled the Chinese state into expansionist tendencies, not a premeditated grand strategy. Furthermore, the buildup of overseas Chinese oil extractive industries mimics the United States' investment model in the Middle East since the end of World War I. That is to say, major petroleum corporations sought access to petroleum resources overseas and then the major institutions of state power followed in support over time.

Assessments regarding Chinese oil security strategy range along a spectrum. Some see an ultranationalistic mercantilist power bent on overthrowing the economic world order, while others see a rising but peaceful giant on a path toward international cooperation. However, contrary to popular conception, China does have a multiplicity of corporate interests and voices of dissent within its institutions of national power. Not unlike any other contemporary nation-state, predicting China's national strategies is highly contingent on ever-changing domestic and global conditions. I tend to agree with authors Philip Andrews-Speed and Ronald Dannreuther's assessment:

> China is pursuing all of these strategic options simultaneously and with varying effect, so that it is not possible to provide a simple picture of a China inexorably integrating with the global international economy and the West, nor of a China seeking definitively to balance against the West or to challenge the West through hegemonic expansion.[14]

However, it is hard to ignore the contingent relationship between the expansion of Chinese NOCs into the global energy market and the subsequent intensification of an informal Chinese empire overseas. If one were to identify a crosscutting ideology common to all the contemporary strategy paradigms, it would be profit-seeking.

Hunt for Oil Sources Drives National Strategy

The CCP did not direct the strategic moves to increase reliance on foreign oil imports or move overseas. In fact, historical experience engendered in the CCP leadership a strong preference for domestic production over all other sources. For example, in the 1950s, China experienced the repercussions of relying on foreign oil after the Soviet Union restricted the sale of petroleum products to gain political influence over Chinese affairs.[15] Increasing Chinese domestic oil production, combined with the global oil crises caused by the Organization of Arab Petroleum Exporting Countries' 1973 oil embargo and the 1979 Iranian Revolution, reinforced the concept that self-sufficiency in oil production was key to sustaining economic development and national sovereignty.[16]

Several factors stemming from the economic and political climate in China in the late 1970s and early 1980s created circumstances that allowed Chinese NOCs to begin laying down industrial roots overseas. First, under the leadership of Deng Xiaoping, a Chinese politician who led the People's Republic of China from 1978 to 1989, the Chinese increasingly began to use market forces as a mechanism to achieve the ambitious goals outlined in their public policy plans.[17] Released in 1981, the Chinese sixth five-year plan represented the first step in the economic reforms aimed at incorporating free market forces into planning.[18] This meant greater autonomy for corporations within the energy sector to make their own business strategies.

Second, the CCP began to rely heavily on the foreign exchange income generated from crude oil sales—approximately 20 percent of all Chinese foreign exchange earning according to the 1983 report *China's Sixth Five-Year Economic Plan (1981-1985)*.[19] The reliance on export income created a hunger for and reliance on the profits generated by the crude oil exporting industry. The CCP's dependence on oil export revenue strengthened the political power of the newly created NOCs in the early 1980s.

Third, by 1985, Chinese production of domestic crude oil became decreasingly profitable for NOCs within China. Dips in the global price of oil following Saudi Arabia's decision to flood global markets in 1985, decreasing volumes of Chinese oil reserves, and increasing production costs (already well above international averages) coalesced to make Chinese domestic crude oil production a less viable source of revenue for Chinese corporations.[20]

However, despite the clear warning signs, the CCP continued to plan for increased domestic production. While the Central Intelligence Agency estimated that Chinese oil reserves were diminishing, the CCP optimistically continued to plan for an average 8 percent annual increase in domestic production during its sixth five-year plan (1981–1985) and an average 4 percent annual production increase during its seventh five-year plan (1986–1990).[21] A 1994 *Oil and Gas Journal* article noted that Chinese exports peaked at 612,800 barrels per day in 1985 and required no imports to support domestic consumption between 1985 and 1987.[22] But, by 1988, exports plunged, and imports picked up by 100 percent per year.[23] Approximately 15 billion yuan renminbi were invested in the discovery of new wells, as well as an unknown number of billions in foreign investment.[24] However, because of the aforementioned rising cost in production and declining reserves, by 1987, most Chinese production had plateaued or was declining due to production costs. Because of this, in 1987, China National Import & Export Corporation (Sinochem), a company engaged in the exporting and importing of petroleum resources, successfully lobbied the CCP to allow investment in foreign oil ventures overseas.[25] At the same time, China

Chinese workers from the Zhongyuan Petroleum Exploration Bureau of Sinopec and Sudanese workers drill an oil well 26 October 2010 in South Sudan, Africa. China has invested billions of dollars in the oil sector and has a large number of Chinese workers in the oil fields in Sudan. The Export-Import Bank of China is receiving one-sixth of South Sudan's oil production to fund a large infrastructure project around the central region of Sudan. China is working with number other African nations to explore for, and develop, oil fields. (Photo by Imaginechina via Associated Press)

National Petroleum Company (CNPC), responsible for onshore upstream production, began its own refining operations with preferences for imported foreign oil.[26] CNPC profits rose so high from its reliance on more affordable foreign oil that other companies followed suit.[27] By 1991, Sinochem had successfully invested in oil facilities in more than five different countries; and in 1993, China produced its first barrel of foreign oil in Alberta, Canada.[28] Chinese NOCs moved to expand overseas operations well before Chinese consumption outstripped domestic production in late 1993.

Because of the strategic value of petroleum and the high volume of tax revenues the oil industry provided, the Chinese NOCs ability to effectively lobby the CCP and bureaucrats in Beijing became unrivaled by other institutions of the Chinese state. In his article "The Structure of China's Oil Industry: Past Trends and Future Prospects," Michal Meidan lists fourteen prominent officials who either started their careers in the oil industry and moved to important government posts or vice versa.[29] Based on information from the Chinese state available to the public, it appears that Chinese NOCs were able to effectively expand operations overseas without orders from the State Planning Committee. Also, it appears that if lobbying failed, or was too inconvenient, the NOCs could just bypass the CCP and the State Planning Committee altogether. An example of this occurred when the Daqing Oil Corporation under CNPC signed an agreement with Tyumen, a Russian city in Siberia, for a joint development project to refine two million metric tons of Russian crude oil per year at Daqing, China.[30] As exemplified in the Tyumen deal, Chinese NOCs became, and remain, influential corporate actors within the People's Republic of China, capable of leveraging total resources of the state to support their own profit-making strategies.

To highlight the point, Chinese NOCs began seeking opportunities for foreign investment and infrastructure purchases even before they became a political or strategic necessity. They did so because it was extremely profitable. Luckily, the foundations they laid starting in the late 1980s allowed the Chinese economy to continue growing unimpeded by oil shortages. Between 1987 and 1996, Chinese oil production increased by only an average 2 percent a year.[31] But foreign oil supplies satisfied the burgeoning demand of a state that today holds the position of the number one oil-consuming nation in the world, right above the United States.

> "From the perspective of foreign observers, China is expanding to different markets in pursuit of a coherent grand strategy and is leveraging all of its institutions of state power to do so."

Driven by profit, the overseas investments and petroleum producing operations of Chinese NOCs made themselves a strategic necessity for the Chinese nation-state and the CCP. As such, they continue to leverage their political power to make their personal "going out" strategy dovetail with, or embed into, the official grand strategy of the Chinese state.[32] The implications of this confluence of CCP and NOC strategy manifested itself as greater Chinese involvement in petroleum-producing states, especially those outside of the influence of American hegemony.

A Unique Approach to Petroleum Energy Security or a Familiar Story?

Much like the beginning of Chinese foreign investment in oil, U.S. foreign policy followed the investments of its major oil corporations when configuring grand strategy. After investing heavily in Saudi Arabia's oil fields during the 1930s, the United States partnered closely with Saudi Arabia, and American oil companies jealously guarded their concessions from other foreign oil within the kingdom.[33] Like China later, the United States also emphasized equal profit sharing and mutual benefits for all the oil-producing nations and "oil majors" involved in extractive industries across the Middle East.[34] Furthermore, American involvement in the Middle East came to involve much more than just corporations and profit sharing. Complex diplomatic entanglements and power politics to maintain stability and security for business ensued.

After the Soviet Union's invasion of Afghanistan in 1979, President James Carter Jr. established a doctrine that stated the United States would militarily intervene against any power that attempted to disrupt the free flow of trade within the Persian Gulf.[35] All subsequent U.S. presidents have likewise proclaimed this strategy. Energy historian Robert Lieber aptly points out that the Carter doctrine was an important precursor to the First Gulf War and that the decision to attack Iraq in the First Gulf War was made primarily out of concern for continuity in the global oil market.[36] If one were to read only publicly available news sources and presidential speeches from August 1990 to 1991, one would begin to think that the primary reason for standing up to Saddam Hussein on behalf of Kuwait was concern over international law and humanitarian suffering.[37] However, National Security Directive 45, *U.S. Policy in Response to the Iraqi Invasion of Kuwait*, and National Security Directive 54, *Responding to Iraqi Aggression in the Gulf*, clearly show that oil production and reserves were a leading factor for the United States' decision to go to war against Iraq.[38] Lieber wrote that after Hussein invaded Kuwait, he effectively controlled over 20 percent of the world's oil production and had positioned himself to seize up to 50 percent (via Saudi Arabia/United Arab Emirates).[39]

A comparison to this famous U.S. example shows how the Chinese government is following a path to power similar to that of the United States, rather than striking out on a new path or creating a new Sinocentric world order. China's NOCs lobbied for increased reliance on foreign oil imports—contrary to the CCP's demonstrated preference for self-sufficiency—in order to gain greater profits from increasing domestic demand. Despite CCP apprehension about overreliance on foreign oil imports, the cash flow and strategic value of petroleum made the NOC corporate strategy preferable to other grand strategic options. Within a matter of years, as domestic consumption surpassed domestic production, the entire Chinese state became wrapped up in supporting the NOCs' overseas operations. As Philip Andrews-Speed and Ronald Dannreuther note,

> Many overseas ventures involve not only China's government and its NOCs, but also the state-owned banks and the construction and service companies. This gives the impression of 'China Incorporated' arriving in the host country as part of highly coordinated national strategy.[40]

But the Export-Import Bank of China, now in charge of foreign development efforts, was not created until a year after the first barrel of Chinese oil had been produced overseas in Canada. From the perspective of foreign observers, China is expanding to different markets in pursuit of a coherent grand strategy and is leveraging all of its institutions of state power to do so. However, the history of Chinese NOCs shows that the opposite has been true: other institutions of Chinese state power have been leveraging the Chinese oil industries to support their own corporate strategies.

After overseas investment in oil infrastructure began to expand, the Chinese government created and leveraged such institutions as the Export-Import Bank of China to support the business ventures of the NOCs overseas. A prime example of this dynamic may be seen in infrastructure development within South Sudan. Four years after the first CNPC investment in Sudan, the Chinese government allowed the Export-Import Bank of China to invest 1.15 billion yuan renminbi for further oil exploration as well as generous concession terms for profit sharing of the oil proceeds.[41] As Chinese investment and operations increased in Sudan, so too did other involvement. In his paper "China's Oil Venture in Africa," Hong Zhao notes,

> The number of Chinese workers working in Sudan has tripled since the early 1990s, reaching 24,000 in 2006. Chinese non-oil investments are significant as well, including hydro-electric facilities, a new airport for Khartoum, and several textile plans.[42]

Eventually, the Chinese government found itself diplomatically reliant on the continuation of the Sudanese government for the maintenance of Chinese overseas business ventures and security of their overseas citizenry. This reliance became problematic with the 2003 outbreak of the War in Darfur, a conflict that continues to this day, and the genocide of the non-Arab population in Sudan (in which the Sudanese president was complicit). Subsequently, the Chinese notoriously ignored the United Nations Security Council's embargo on weapon sales to Sudan and sold over $14 million USD worth of military equipment to the Sudanese government between 2003 and 2006.[43] Notably, several Chinese-managed oil facilities were attacked by these militants in 2007 and 2008.[44] Obviously, these circumstances bear little resemblance to a supposed pacifist, uniquely Chinese approach to foreign relations but rather display familiar features of pathway dependency derived from reliance on foreign oil in the capitalist world order.

The Future of Chinese Grand Strategy

As the Chinese government becomes more entangled with greater oil infrastructure investments and diplomatic relationships with regimes in conflict areas like Sudan, Iran, Iraq, and Yemen, the likelihood for meddling in domestic affairs or outright conflict to maintain the status quo increases. The reliance on foreign oil has necessitated increasing expeditionary military capabilities to support overseas Chinese citizens and investments from disasters or physical threats. As recently as April 2015, the People's Liberation Army Navy was called upon to evacuate Chinese citizens from Yemen when the Yemeni Civil War (2014–present) endangered them.[45] The strategic reliance on Middle Eastern and African oil imports has also required the development of a larger fleet of Chinese ships to defend shipping lanes through the South China Sea. While there has never been an embargo against China by a Western power or multilateral economic organization, Chinese strategists like People's Liberation Army Cols. Qiao Liang and Wang Xiangsui often cite the history of Iran and the First Gulf War as evidence of Western proclivity for economic warfare through embargos and military coercion.[46] Consequently, China views its investment in a blue water navy as a necessity for both its national security strategy and its national energy security strategy.[47]

Additionally, the Chinese have long aspired to drill oil in the South China Sea. As of 2014, the oil extraction in this area contributed only to 5 percent of domestic production and less than 2 percent of total Chinese consumption.[48] However, Chinese and foreign investors remain optimistic about the potential of oil production in the South China Sea. Because of this, the South China Sea retains high strategic value not only as a maritime route for transit of and commerce but also as a potential source of massive oil reserves. None of these strategic decisions related to the South China Sea were made by the CCP with the goal of upsetting the world economic order but rather out of necessity to protect the oil trade supply routes the Chinese NOCs had been building incrementally since the 1980s to make a profit and fuel economic growth.

Viewed in this light, many Chinese strategic decisions can be understood in relation to Chinese demand for petroleum resources and not as part of some larger plot to overthrow the economic world order. Even if the creation of new world order is the expressed "end" that many Chinese grand strategists are attempting to reach, as Michael Pillsbury argues in his book *The Hundred-Year Marathon*, the path leading there will depend on competition over oil resources.[49] Despite talk of win-win scenarios and alternatives to the Western capitalist economic world order through Sinocentric foreign relations, China has built itself an informal empire around overseas petroleum. Thus far, the Chinese strategists are not approaching the problem in a new way but rather are seeking profit where the market affords opportunities. Given the plentiful profits and vulnerability of overseas investments, the Chinese state and the CCP have been highly receptive to implementing the policy suggestions of the state oil lobby, as opposed to taking centralized control of the oil industry and China's grand strategy. ■

Notes

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