

Azerbaijan-China Relations: Cooperation in the Energy Sector

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Abstract.

The main goal of the research is to examine the reasons for the expanding cooperation in the energy sector between Azerbaijan and China, the process itself and its consequences for the South Caucasus region, especially Azerbaijan, against the backdrop of the changing political and economic landscape of the 21st century.

This topic is one of the most relevant topics for the modern era. Thus, after gaining its independence in 1991, Azerbaijan, which built its economy based on the requirements of the modern era, has been in the spotlight of almost all the world's countries due to its economic potential. In this regard, economic cooperation with China, especially cooperation in the energy sector, attracts attention. Azerbaijan is the most developed and leading country in the South Caucasus. Although China is geographically distant from the South Caucasus region, it has always established close relations with these countries. Establishing peace and stability in the South Caucasus, especially in Azerbaijan, is at the center of China's attention. Azerbaijan's rich energy resources have been at the center of attention of various countries throughout history.

The security of the oil and gas arteries passing through Azerbaijan is very important for China, which benefits from our country's rich oil and gas reserves. In addition to being the most developed country in the East Asian region, China is interested in establishing political, economic, and cultural relations with the South Caucasus countries, especially Among East Asian countries, China is considered the second country to strengthen cooperation with Azerbaijan in the energy sector after Japan. This article examines in detail the cooperation in the energy sector that China has established with Azerbaijan since 1991.

Keywords: Azerbaijan, China, Heydar Aliyev, East Asia, energy, oil, gas

Відносини між Азербайджаном і Китаєм: співпраця в енергетичному секторі

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Анотація.

Головною метою дослідження є вивчення причин розширення співробітництва в енергетичній сфері між Азербайджаном та Китаєм, самого процесу та його наслідків для регіону Південного Кавказу, насамперед Азербайджану, на тлі зміни політичного та економічного ландшафту ХХІ століття.

Ця тема є однією з найактуальніших для сучасної епохи. Так, після здобуття незалежності в 1991 році Азербайджан, який побудував свою економіку, виходячи з вимог сучасної епохи, завдяки своєму економічному потенціалу опинився в центрі уваги майже всіх країн світу. У цьому плані економічна співпраця з Китаєм, особливо співпраця в енергетичному секторі, привертає увагу. Азербайджан є найрозвиненішою та провідною країною Південного Кавказу. Хоча Китай географічно віддалений від регіону Південного Кавказу, він завжди встановлював тісні відносини з цими країнами. Встановлення миру та стабільності на Південному Кавказі, особливо в Азербайджані, знаходиться в центрі уваги Китаю. Багаті енергетичні ресурси Азербайджану були в центрі уваги різних країн протягом всієї історії.

Безпека нафтогазових артерій, що проходять через Азербайджан, є дуже важливою для Китаю, який отримує вигоду від багатих запасів нафти та газу нашої країни. Окрім того, що Китай є найрозвиненішою країною Східноазійського регіону, він зацікавлений у встановленні політичних, економічних та культурних відносин з країнами Південного Кавказу, особливо з Азербайджаном. Серед країн Східної Азії Китай вважається другою країною, яка зміцнила співпрацю з Азербайджаном в енергетичному секторі після Японії. У цій статті детально розглядається співпраця в енергетичному секторі, яку Китай встановив з Азербайджаном з 1991 року.

Ключові слова: Азербайджан, Китай, Гейдар Алієв, Східна Азія, енергетика, нафта, газ

Introduction.

Relevance. This topic is very relevant in the modern era. Since the topic reflects the new era, information about it is mostly reflected in internet resources. In addition, there are a number of historiographical materials on cooperation in the energy sector between Azerbaijan and China.

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The security of the oil and gas arteries passing through Azerbaijan is very important for China, which benefits from our country's rich oil and gas reserves. In addition to being the most developed country in the East Asian region, China is interested in establishing political, economic, and cultural relations with the South Caucasus countries, especially Among East Asian countries, China is considered the second country to strengthen cooperation with Azerbaijan in the energy sector after Japan. This article examines in detail the cooperation in the energy sector that China has established with Azerbaijan since 1991.

The purpose. The main goal of the research is to examine the reasons for the expanding cooperation in the energy sector between Azerbaijan and China, the process itself and its consequences for the South Caucasus region, especially Azerbaijan, against the backdrop of the changing political and economic landscape of the 21st century.

Results.

Azerbaijan is the most strategically advantageous country in the South Caucasus. On the one hand, its rich natural resources, including oil and gas reserves, and on the other hand, its location in a geostrategic region between Europe and Asia, have made it a country of interest to neighboring states throughout history. In the 20th-21st centuries, where energy resources are of great importance, Azerbaijan's role as a reliable ally has steadily increased. It is no coincidence that China, which aspires to become the economic leader of the East Asian region and the whole world, seeks economic cooperation with Azerbaijan, including in the energy sector. Especially recently, due to the conflicts in the Persian Gulf countries, which are China's main energy source, the role of the

Caspian basin as an alternative energy source for China has increased even more (Eyvazli, & Akbarova, 2017).

Also, Azerbaijan's geostrategic position allows for the opening of very convenient pipeline routes connecting Asia with Europe (Asadov, 2016). Therefore, in terms of energy circulation, as an alternative to the oil reserves of the Persian Gulf, Azerbaijan and Georgia, the countries of the South Caucasus, along with the Central Asian countries of Kazakhstan and Turkmenistan, are of particular interest to China (Abbasov, 2005). China recognized Azerbaijan's independence on December 27, 1991. Diplomatic relations between the two countries were established on April 2, 1992 (Valiyev, 2013).

The expansion of economic cooperation between the People's Republic of China and Azerbaijan intensified precisely after the coming to power of the National Leader Heydar Aliyev in 1993. While one reason for the expansion of cooperation in the oil sector between China and Azerbaijan after 1993 was the presence of a strong leader in power in Azerbaijan, the acceptable reason for China was the increase in China's oil imports starting in 1993. China buys at least 100 million tons of oil per year. Since 2010, this figure has already reached 120 million tons. It should be noted that the real increase in oil and gas production in the Caspian Sea also coincides with this period (Habibbeyli, 2018).

On March 7-10, 1994, the President of the Republic of Azerbaijan Heydar Aliyev paid an official visit to the People's Republic of China. The President held official meetings with the Chairman of the People's Republic of China Jiang Zemin and Prime Minister Li Pen. During the visit, 8 agreements were signed between the two states. Of particular importance in Azerbaijan's cooperation with China in the energy sector is the participation of this country in oil and gas projects in Azerbaijan, including the project to restore the historical Great Silk Road, implemented at the initiative of the National Leader Heydar Aliyev (Hamidov, 2001b).

Great Leader Heydar Aliyev declared that Azerbaijan played a special role in the Great Silk Road project: "Azerbaijan is located in the center of the Silk Road. The Silk Road will pass through Japan, China and Central Asia and reach the Caspian Sea. There is a ferry crossing between the East and West coasts of the Caspian Sea, and this ferry belongs to Azerbaijan. Baku is the only large seaport on the Silk Road. Therefore, Azerbaijan occupies a very important strategic position here" (Valiyev, 2013).

On September 8, 1998, a conference dedicated to the summit of the heads of state of Europe and Asia was held in Baku under the TRACECA program for the restoration of the historical Great Silk Road at the initiative of the President of the Republic of Azerbaijan Heydar Aliyev (Valiyev, 2013).

In June 2002, the signing of a memorandum of understanding between the State Oil Company of the Republic of Azerbaijan and the Shengli Company, a subsidiary of the China Petrochemical Corporation and

the sixth largest company in the country, was a significant event (Center for Strategic Studies, 2017).

Cooperation in the energy sector between Azerbaijan and China has become particularly important at the beginning of the 21st century. Unlike the Middle East region, where destructive wars are being waged for energy resources, South Caucasus, and especially Azerbaijan, is considered a safe zone for China. China is trying to spread its influence in the region through “soft power”. President Ilham Aliyev has visited China twice (2005, 2015) officially and three times to participate in various international events. The famous “One Belt, One Road” initiative put forward by Chinese leader Xi Jinping in 2013 should also be evaluated in this context (Mirishli, 2022).

In fact, this idea is a new version of the project to restore the Great Silk Road, which was founded by the National Leader of the Azerbaijani people Heydar Aliyev at the end of the 20th century. Located on the historical Silk Road, Azerbaijan is one of the countries supporting this mega-project of China. During President Ilham Aliyev’s official visit to China in 2015, a Memorandum of Understanding was signed on the joint promotion of the creation of the “Silk Road Economic Belt”. This Memorandum set out directions for the development of economic and trade relations (Mirishli, 2022).

The interest shown by Chinese companies in the oil sector, which is the locomotive of the Azerbaijani economy, has intensified in the 21st century. The Baku-Tbilisi-Kars railway, which was officially opened on October 30, 2017, is also playing an important role in expanding China’s cooperation with Azerbaijan, the countries of the South Caucasus in the energy sector, and the economic sector in general, along with Asian countries. It is not by chance that the BTK railway led by Azerbaijan is called the “Iron Silk Road”, as it implies that this railway will become a strong and reliable bridge between Europe and Asia. It should also be noted that the BTK railway is having a great impact on Azerbaijan-China energy cooperation, as it fully complies with the roadmap of the PRC’s “One Belt, One Road” state program (Institute of History of Science, 2018).

In 2018, a Founding Agreement was signed between SOCAR and BGP Inc., a subsidiary of China National Petroleum Corporation (CNPC), on the establishment of a joint venture. CNPC is also expected to participate and join as a shareholder in the Oil and Gas Processing and Petrochemical Complex (OGPC) project that SOCAR is building in the Garadagh district of Baku. A Memorandum of Understanding was signed between SOCAR and CNPC in this area in 2016 (Mirishli, 2022).

President Ilham Aliyev was the only head of state from the South Caucasus to participate in the 2nd “One Belt, One Road” international cooperation forum held in Beijing in 2019. On September 15, 2022, a meeting was held between the heads of both state of both countries within the framework of the SCO Summit in Samarkand,

and President Xi Jinping of the People’s Republic of China called President Ilham Aliyev of the Republic of Azerbaijan a “great friend of China” (Isakov, 2011).

From 1995 to 2023, China allocated \$930.8 million in direct investment to Azerbaijan. Of this, \$754.1 million alone was invested in the oil and gas sector (Hamidov, 2001a). Cooperation between China and Azerbaijan in the field of renewable energy is also continuing successfully.

Thus, Azerbaijan has begun cooperation with the Chinese company BYD Company Limited in the field of electric bus production. The import of 160 electric buses and 100 electric chargers of BYD to our country in November 2024 attracts attention in this regard (Isakov, 2011).

The day-by-day expansion of cooperation between Azerbaijan and China in the field of energy is conditioned by a number of objective factors. First of all, to summarize the above, Azerbaijan is a reliable strategic ally for China in the South Caucasus. China is somewhat jealous of Japan, which it considers its main regional rival, actively developing relations with Azerbaijan and is trying to fill the gap. The growing demand for oil in both countries, whose economies are rapidly developing, as well as the rise in Azerbaijan’s regional political and economic influence with the construction of the main export oil pipeline Baku-Tbilisi-Ceyhan, play a special role here.

Another important factor is China’s active cooperation with other states in the fight against the three evil forces – extremism, terrorism and separatism, which it has often used in its foreign policy terminology in recent years (Habibbeyli, 2018).

Based on all this, it can be predicted that cooperation between Azerbaijan and China in the energy and economic fields will develop at an increasing pace in the coming decades. There is deep cooperation between Azerbaijan and China in all areas, especially in the energy sector. This is, above all, due to the requirements of the 21st century.

Conclusions.

Cooperation with Azerbaijan in all areas, including the energy sector, has always been in the focus of official Beijing. Azerbaijan has become a reliable partner of China with its rich energy resources. The Republic of Azerbaijan, which gained independence in 1991, actively entered the stage of economic, social reforms and construction after the National Leader Heydar Aliyev came to power in 1993.

The reconstruction of Azerbaijan’s economy has led to active economic, especially energy, cooperation with the Chinese government, which has an interest in this. In the 21st century, this cooperation has entered a completely new stage. Currently, cooperation between the two countries in the energy sector is deepening, and this is very important for the prospective development of both the South Caucasus and the East Asian region.

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