

# Goodbye to Taching

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Geopolitical equations are changing with China's ever increasing thirst for oil, part of its quest for energy security. And, with the changes in class outlook to Mao's "On the Ten Major Relationships" Taching is no more a model to the ruling elites in Beijing with their increasing hunger for affluence.

A few news reports show the country's search for oil from corner to corner of this round earth: Brazil's president Lula visited China for strategic partnership, the Chinese National Petroleum Company (CNPC) opened Iraq's Al-Ahdab oil field in last March, China and Kuwait signed five agreements on areas including energy and finance in last May, an oil pipeline linking Russia's far east to China's northeast is set to start operation by the end of 2010, China and Russia signed seven energy cooperation agreements in February that included the pipeline, a long-term crude oil trading deal and a financing plan between China Development Bank and the Russia Oil Pipeline Transport Company, CNPC signed agreements with Costa Rica to upgrade Costa Rica's oil refinery and to conduct a feasibility study on a new refinery in November, 2008, CNPC to lend US \$ 5 billion to the Kazakh state oil company for the joint purchase of a local major oil developer, Brazil agreed to supply crude oil to Chinese refineries along with an agreement for a US \$ 10 billion loan from the China Development Bank, China agreed with Russia on a US \$ 25 billion loan in exchange of 300 million tones of oil piped from Russia between 2011 and 2030, CNPC is constructing two oil refineries in Chad and Niger, the company agreed to buy Canada's Verenex Energy Inc. for US \$ 390 million in its bid to boost its business in Africa, the United Arab Emirates (UAE) and CNPC concluded an agreement to build a \$3.29 billion oil pipeline in the UAE, China signed contracts with Qatar and Yemen for long-term oil imports, a \$1.76 billion buy-back agreement to develop an oil field in Iran was signed by CNPC, Uzbekistan and CNPC made a deal on joint exploration of an oilfield, a natural gas pipeline extending from Central Asia to China, passing through Uzbekistan and Kazakhstan, is being constructed. The list is much longer. CNPC had invested, by the end of 2007, in 73 oil and gas projects in 28 countries. Angola, Canada, Indonesia, the Republic of Congo, Saudi Arabia, Sudan, Venezuela, and many other countries are in partnership with China. Africa and Latin America are its major areas of energy deals. Sri Lanka is not away from the oil thirst from the Eastern power. B Raman, a former additional secretary, govt. of India, said in a paper titled "China's Oil Quest Across India's Cauvery Basin": "China's oil quest is set to reach the Mannar area of Sri Lanka adjoining the likely oil / gas bearing Cauvery basin of South India." In this paper for the South Asia Analysis Group he mentioned "Chinese energy foothold in this key area..." China's attempt to buy Unocal is an old story. James Woolsey, former director, CIA, termed the attempt as "a threat to US national security."

China, once an importer of oil, turned a net exporter in its Mao-led phase for self-reliance. Taching, China's most famous oilfield and a symbol of its

revolutionary reconstruction, and a few other oil fields eliminated China's dependence on foreign oil.

In 1976 China ranked tenth in the world with an oil output of 84.19 million tons. Before 1949, the victory of the revolution Mao Tse-tung led, China produced little oil. Then, the production increased. But, with the contradictions in a post-revolutionary society and transfers in class dominance in the society changes in relationships and priorities came as time treads the trade routes and transgressions are there by capital. The dominating ruling segments in Beijing need more and more with their growing affluent life style, dominance draws in dreams for deeper and further dominance, oil turns the lifeline, Myanmar and Sudan turn allies in the global game for grabbing oil. Major players in the global energy market were the United States, EU, and Japan. China, along with India, has now joined them as its economy boomed, an average annual 9 percent growth over the last two decades. The country is now the second largest importer of oil, after the US. It turned a net importer of oil in 1993. According to the International Energy Outlook 1999 total primary energy consumption in China increased from less than 18 quadrillion Btu in 1980 to 37.1 quadrillion in 1996. It was projected to reach 98.3 quadrillion Btu by 2020, a level near to that of the projected US demand. The International Energy Agency (IAE) projected, obviously before 'The Great Financial Crisis', China's net oil imports would surge to 13.1 million barrels per day (mbd) in 2030 from 3.5 mbd in 2006. About half of its oil imports are still from the Middle East, the identity of a region imposed by the colonial rulers, a region volatile. So the economy compels China to diversify its sources of oil, the life blood for growth. Here enters Africa, with only 9 percent of global proven oil reserves, Central Asia and Latin America in the oil map of Beijing. The Middle East holds 62 percent. But oil industry analysts hope that Africa holds significant undiscovered reserves. Still the US extracts much oil from Africa, a dominant presence there, 33 percent of Africa's 2006 exports while China's share was only 9 percent. China's biggest suppliers in Africa include Angola, the Republic of Congo, Equatorial Guinea and Sudan. Chad, Nigeria, Algeria and Gabon are also its suppliers. A June, 2008 backgrounder, titled "China, Africa, and Oil", of the Council on Foreign Relations said: "China is intent on getting the resources needed to sustain its rapid growth, and is taking its quest to lock down sources of oil and other necessary raw materials across the globe." There is widening gap between China's oil and gas supplies and demands.

China is now Africa's second highest trading partner. The US is in front of it while former colonial masters, Britain and France, fall behind it. China courts governments with debt forgiveness, trade deals, aid package, construction of railway lines, roads, dams, sends physicians, hosts thousands of African workers and students, cancelled \$ 10 billion in bilateral debt, and pays bribes, as the Transparency International claimed, *a corps perdu*, desperate, attempt.

China does not like the US way of raising human rights issues claiming there is no universal standard of human rights. The US supports countries like Pakistan, Saudi Arabia and Egypt. China sells arms to Sudan. Chinese military trainers are in many African countries. Strategic interests are important to both the countries. The US and China broadly stand on the same plane, one goes for maintaining its empire while the other tries to establish it. An article in *Foreign Affairs* by David

Zweig and Bi Jianhai observed that China has successfully adapted "its foreign policy to its domestic". Swedish foreign ministry and senior researcher at the Defense Research Agency, Sweden, writes: "It seems that the US is genuinely concerned about the long-term consequences of competition with the two Asian giants. America's growing unease towards the Asian powers was reflected in the report titled 'Mapping the Global Future' published in 2005 by the US National Intelligence Council, a government think-tank which advises the CIA and senior US policy makers. The report states that 'the likely emergence of China and India as new major global players ... will transform the geopolitical landscape.' It adds that 'in the same way that commentators refer to the 1900s as the 'American Century,' the early 21st century may be seen as the time when some in the developing world led by India and China come into their own ... (and) will have substantial impacts on geopolitical relations."

Kiesow, in his article "Quest for Oil and Geostrategic Thinking" in *The China And Eurasia Forum Quarterly*, Nov., 2005, refers to Hitler's plan to attack the erstwhile Soviet Union in the summer of 1941 and writes: the plan "had as one of the two most important parts a push through southern Ukraine in order to get secure access to the oil fields in Baku. To secure the supply of oil for the German forces and to cut off the Soviet supply seems to have been an important reason for his opening of a second front." John K Fairbank and others in their book *East Asia : Tradition and Transformation* refers to the role oil played behind the Japanese attack on the Pearl Harbour. In September 1941 Japanese leaders decided to go to war with the United States if an agreement regarding oil was not reached by early October. Since American oil embargo against Japan, which had been introduced in July, was still not lifted in October, plans for war were made and on December 7 the Japanese attacked Pearl Harbour. Kiesow says: "The more dangerous side of the problem is the tendency towards geostrategic thinking that has appeared so conspicuously in the US, China and to a certain extent also in Japan, India and Europe." A RAND Corporation book, *China's Quest for Energy Security* by Erica Strecker Downs, said in its concluding part that the leaders in Beijing perceive the US as the primary threat to energy security and they are largely defensive. Beijing's policy is designed to minimize the vulnerability of China's oil supply to the US power. They try to avoid US control of sea lanes. So the emphasis to the Central Asian oil pipelines. At the same time China tries to strengthen its economic, political and military ties in the Middle East where the US is still the dominant military power. The aim is to secure access to oil from that region.

Other actors are involved in this geostrategic "game." The actors' functions are influenced by many other factors. Stakes and relations determine paces of actions of all these actors. Many of these carry characteristics of duality, sometimes under pulls and pushes of contradictory considerations imposing constraints. Variances in regions multiply these problems. Class character of the ruling elites in respective countries involved has a fundamental role to play and these class characters grow up out of the ruling elites' types of relations with production, out of the character of the involved capital. Other than these aspects there are organizations, emerging and international in type, Shanghai Cooperation Organization, Bank of the South, etc., that have a space to play, but also

influenced by the respective dominating capitals' characters that cannot overcome own needs and inherent historical limitations. A few multinational organizations are either expanding *a la* NATO or losing hold of grip like the IMF in Latin America. This complex matrix of reality and relations should not be missed while considering the changing geostrategic reality related to the increasing demand for fuel by bigger economies.

The present financial crisis in the world system is a basic aspect that will have influence on the geostrategic issues. None of the predictions made/ assessments done before 'The Great Financial Crisis' took into considerations the possibility of bursting out of the speculation bubble in the financialized global system and the impact this could have on the involved actors/capitals/organizations, state and non-state.

The RAND's book says: China's international oil and gas investments are unlikely to bring China the energy security it desires. China is likely to remain on US protection of the sea lanes that bring the country most of its energy imports.

This hunger for nonrenewable fuel, this "mindless" competition for accumulation will, first of all, have environmental impact affecting the people in related countries / regions, environmentally and economically defenseless, while this competition with all the seeds of taking a fierce face have the potential power for affecting peoples' common endeavour for a decent, prosperous and happy life. Defacing the planet is a near-certainty.

Newer equations will emerge with capitals forming and reforming newer alliances, giving up or trying to give up past allegiances and adopting bargaining positions, making friends, foes and the opposite as it is going for ages in the arena of geopolitics.

Despite the clouds accumulating over the horizon there are spaces and scopes for maneuver for "minor characters", smaller countries on the fringe, in this changing geopolitical drama. Exploring and exploiting the opportunities provided by moments of conflicts and competitions among the "main characters" will depend upon the maturity and farsightedness of the capitals involved in these economies on the margin. Whatever, happens with these capitals the peoples in these societies have possibilities for wider scope for exercising their democratic rights. □□□