



# **“China Energy Threat Theory”: Strategic Mutual Suspicion and Interaction**

The great increase in China's oil import and overseas energy investment, especially the heated discussion, home and abroad, of China's energy diplomacy, has gradually spread “China's Energy Threat theory” all over the world and made it a hot issue. As an important part of “China Threat Theory,” “China's Energy Threat Theory” originated from complicated contributing factors. It reflects, on the superficial level, the international community's concern about the impact of China's rapid energy demand, and, on the deep level, their worry and discomfort about China's rapid development and their strategic mutual suspicion and misunderstanding of China. It also reflects the limitation and delay in China's understanding of the rapidly changing domestic situation and her international status quo.



## **THE ORIGIN AND DEVELOPMENT**

“China Energy Threat Theory” first appeared when China became an oil importing country in the mid of 1990s, and there was no consensus on the specific time. Lin Boqiang, director of the Center for Energy Economics Research at Xiamen University, said that the “China Energy Threat Theory” originated from a report by the US Center for Strategic and International Studies in 2001. In February 2001, the US Center for Strategic and International Studies released the 21st Century Energy Geopolitics Report, which states that the increasing energy demand in the next 20 years will have far-reaching geopolitical implications. Asia's scramble for existing energy reserves could escalate into an armed conflict among countries. China's increasing dependence on oil in the Middle East may push Beijing to establish military ties with certain countries in

that region, which will worry the United States and its allies. As a result, “China Energy Threat Theory” appeared [1].

At the turn of this century, with China's large increase in oil import, large-scale overseas energy investment, and increase in international oil price, “China Energy Threat Theory” began to ferment, evolve, and heat up. From time to time, the west has overstated the threats and challenges brought forth by China to western oil supply, saying that China's “huge demand” will not only make world energy prices soar and affect future ecological environment but also trigger conflicts with foreign countries and threaten the balance of global energy geopolitics. By 2005, the world's high-profile bid for the Unocal case made “China Energy Threat Theory” a hot spot in the United States.

As the global climate change problem becomes more and more serious, negotiations and conflicts between emerging developing countries and developed countries are becoming more and more intense, and “China Energy Threat Theory” is constantly intertwined with “China Environmental Threat Theory” and has become an inseparable part of “China Threat Theory.” At the same time, “China Energy Threat Theory” in Western developed countries, “China Energy Competition Theory” among countries in the rising stage, and “Chinese Neo-Colonialism Theory” in some developing countries have echoed each foreign and brought many pressures and challenges to China's diplomacy [2].

In recent years, with the deepening of energy dialogue and cooperation between China and other countries, the sound wave of “China Energy Threat Theory” has abated to a certain degree. However, due to its close relation to “China Threat Theory,” there are significant cognitive differences and misunderstandings between China and other countries in energy market, government and enterprise relations, international energy governance, and so on, and they will fluctuate in different forms with the changes of energy and international economic and political situations and the changes in relations between China and foreign countries.



## THE MAIN CONTENT AND VIEWPOINTS

“China Energy Threat Theory” generally refers to the synthesis of the negative influences, threats, and challenges caused by China's energy

demand, policy, and behavior, in foreign countries especially in western countries. There is no strict and consistent definition. In general, the following aspects are mainly included.

First, China's energy demand breaks the market balance, and undermines the stability of international energy market. China's rising imports of oil have led to the increase of world oil prices, which is seriously criticized. China is seen as an "unstable factor" in the international oil market. Some analysts say the rise in oil prices in the United States is partly due to China's pressure on the world's oil market, which poses a threat to US energy security and threatens to destabilize the global energy market. The American think tank RAND Corporation, the International Center for Strategic Studies, and so on, states that "China's global oil search" will constitute a huge pressure on the international energy market. Mr. Brown, director of the American World Watch Institute, argues that "the world is powerless to meet China's huge energy needs." Japan's Yomiuri Shimbun says China's appetite for energy has become an unstable factor in the international energy market [3].

Many analyses emphasize that the international oil price is not determined by market supply and demand, but by new supply and new demand. In addition, China accounts for a significant proportion in the new demand, so the rise of international oil price is mainly due to China's rapid import growth. On May 10, 2011, Joseph Quinlan, chief market strategist of Bank of America, published in *The Globalist*, a US online magazine, an article titled "From Made in the USA to Made in China," noting that the more consumers there are in China, Turkey, Egypt, and other countries, the greater the pressures of global oil price will be, and the higher the American oil price will be, which forces western consumers rather than the price makers to bear the consequences of high oil price, and leaving emerging market suppliers and consumers do what they want.

Second, China's large-scale imports and global search for energy result in the increasingly fierce competition among the United States, Japan, and other countries. Western politicians and oil industry executives worry that China's state-owned oil companies want to boost their national energy security by locking up global resources. Some analysts believe that China attempts to lock up new sources of oil that have not yet been cut off by the conflict, and also tries to circumvent the world market mechanism, directly controlling the producing areas and delivering oil to China. China's search for energy in the world and its participation in oil bidding

have led to the fierce competition for energy supplies with the United States and Japan. In 2005, CNOOC failed to buy Unocal, partly because America feared that China would lock up oil resources at the expense of America. The US–China Economic and Safety Assessment Board believes that China's rise in energy demand, particularly its dependence on imported oil, poses an economic, environmental, and geopolitical challenge to the United States. Mr. Rift, executive chairman of the American Society for Global Security Analysis, thinks that without a comprehensive strategy to curb China's emergence as an oil consumer like the United States, a superpower conflict is inevitable. On April 6, 2005, the United States held a hearing on "China's influence in the Western Hemisphere," arguing that China is competing for energy and raw materials in Latin America with the United States.

In 2005, the Japanese Center for Social Security and Security Research (CSCR) published a research report to analyze the two schemes of crisis scenarios. The first scheme of crisis scenario is energy warfare, assuming that China does not consider the cost and desperately purchase energy, so that all countries will be involved in the oil competition, and international energy market mechanisms will be ignored. As a result, the two countries' political conflict on the East China Sea resources will worsen. The second scheme of crisis scenario is Japan's isolation. If China succeeds in concluding a free trade agreement with Southeast Asian countries, ASEAN's reliance on China will strengthen, which will lead to the isolation of Japan. China's powerful energy diplomacy has shown that Beijing is moving forward in the direction of the resource wars that are predicted in the crisis scenario [3].

Third, China adopts the "new mercantilism" strategy, and tries to ensure its energy security by directly controlling the resources. The government supports enterprises' overseas investment and grants domestic price subsidies, both of which are considered "contrary to the principles of market economy" and international rules. The international community fears that China will take advantage of the strategy of increasing her oil reserves to manipulate international markets. Deng Lijia said the mainstream thought of energy security in China follows the "traditional concept": focusing on the country, focusing on electricity, emphasizing oil, and tending to equal security to self-sufficiency. Philip Andrews-Speed, a professor at Dundee University, stresses that Chinese government has taken a "strategic" view of energy security and tended to adopt political rather than economic means to secure national energy security [4].

Richard D'Amato, chairman of the US–China Economic and Security Review Committee, testifies in the House Armed Services Committee that China treats energy reserves as assets as in the 19th-century mercantilist countries. The aim is to obtain and control world energy reserves and to ensure that the oil is transported safely to China beyond the market considerations. To achieve this, China is willing to pay higher prices than market premiums to gain exclusive control over oil and gas. China believes that only controlled reserves can secure energy security. This “hoarding” approach conflicts directly with the efforts of the United States and other countries in the International Energy Agency to establish interchangeable, transparent, and effective global oil and gas markets [5]. China has used state-owned oil enterprises to acquire oil fields and assets in many countries. There are reports that China is considering the transformation of pipelines through Panama to the Pacific to ensure the security of the supply, an uneconomic proposal that suggests it pays the premium to control oil [6]. Tom Holland points out that Chinese state-owned enterprises are not likely to be rash to buy mines, oil fields, and plantations around the world. China’s openly direct investment in overseas resource companies looks like a well-thought-out and carefully planned policy aiming at ensuring that those companies supply important raw materials for China in the long run [7].

Fourth, energy cooperation between China and Iran, Sudan, and Venezuela poses a threat to the security of the United States and the West. In the United States, China does not consider the requirements of “good governance” and buy or invest in oil development to some “rogue” countries, which will not only challenge American status in Latin America and the Middle East but also form new anti-American “axis.” China’s oil companies are investing in foreign countries, making it hard for governments to isolate Iran, Sudan, and Burma [8]. The Congressional Energy Committee believes China poses a threat to the security of the United States through bilateral agreements which ensure security in her oil imports and promote her dealings with Iran, Sudan, and other countries in non-market reciprocity transactions [9].

Joshua Busby, American scholar, points out in the article entitled “Pursuing Rights: The Impact of China’s Energy Security and Climate Change Policy on Sino–U.S. Relations” that China’s strengthening her energy security threatens the strategic interests of the United States. China has adopted various policies to ensure her energy security, such as encouraging state-owned energy enterprises to seek energy in Africa,

Central Asia, and elsewhere, building strategic oil reserves, launching energy diplomacy, and claiming sovereignty over the East and South China Sea. China has locked up the energy in "rogue countries," overshadowing her promise to "peacefully rise." China's energy security policy will lead to sovereignty disputes between the East China Sea and the South China Sea, which threatens the strategic interests of the United States in oil producing areas (such as Russia, Central Asia, the Middle East, America, and Africa).

Fifth, China's low energy efficiency, serious waste, and a large amount of coal consumption have intensified the global environmental problems, such as climate change. China's energy demand is high and greenhouse gas emissions have risen sharply, displacing the United States as the world's largest emitter of carbon dioxide and sulfur dioxide. China remains heavily dependent on coal and has become the world's largest emitter of greenhouse gases [8]. Paul Roberts believes that China will take the worst method to solve her own serious energy security problem: when it comes to coal, China is actually developing into the world's largest coal economy. The world is shocked by China's massive burning of coal for the sake of energy security [10]. The efficiency of coal mining and coal consuming instruments in China are lower than those of Organization for Economic Cooperation and Development. The low price cannot motivate consumers to save energy. More and more coal has been mined, transported, and consumed in China, far beyond her actual needs, which has exacerbated the environmental pollution deterioration [11].

Sixth, China has vigorously launched the energy diplomacy with an attempt to achieve strategic expansion through energy cooperation. The analysis holds that both Chinese domestic policy adjustment and foreign policy strategies aim at energy security, and energy determines China's diplomacy. China has squeezed her sphere of influence through energy diplomacy, hoping to gain the leverage with America and the west. Unlike those international oil companies in the west, which are independent of the government, China's oil development is actually undertaken by state-owned oil enterprises, which means that commercial activity in China's oil sector is directly linked to her national foreign policy [12]. Energy struggles between large energy-consuming countries have quietly begun, and China will take a tough attitude towards the war [13]. China tries to achieve the strategic expansion by means of energy cooperation. From an American viewpoint, China's cooperation with the Middle-East has posed an important challenge to her foreign strategy and Middle East strategy, especially her democratic strategy. China is sometimes accused of

resorting to strategic rather than market means to seek or compete for energy and resources around the world under the government's leadership. Some analysts even argue that overseas resource investment by Chinese enterprises represents a national strategy aimed at utilizing resource diplomacy to mask its strategic expansion ambitions. In short, they believe that China's overseas investment serves her foreign policy, and it is not a purely commercial or investment behavior.

China's growing overseas interest related to energy has led to fears that Beijing will build a powerful navy, challenging the United States' controlling power of the sea [8]. In order to guarantee the safety of maritime transportation and alleviate the predicament of Malacca, China has developed a large-scale navy and strengthened the armament. China's dependence on oil in the Middle East has increased, prompting China to forge military ties with some Middle Eastern countries. Energy competition will deepen China's rivalry with her Asian neighbors and destabilize Asia. At a seminar organized by the Carnegie Foundation for International Peace, Bartholomew, commissioner of the US–China Economic and Security Review Committee, said that every Asian country is seeking energy security in a more commercial, nationalist, and competitive way, which hinders the possibility of a more cooperative and market-oriented approach to address regional energy problems.

In 2004, American *National Interests* magazine published a paper entitled "China's Growing Appetite" by David Hale, an American economist, who points out that China will implement more expansive policies to satisfy her raw material demand and may change her foreign policy and military strategy to ensure the adequacy of raw materials. Experiences in the United States and Britain have shown that overseas garrisons are vital to the acquisition of raw materials. As China's dependence on imported raw materials grows, she urgently needs to strengthen her military power, especially the navy, to protect her interests in those strategically important areas. China's demand for oil may have led to her tougher stance on sovereignty disputes, such as the Nansha Islands and the Diaoyu Islands. It will not be long before "Chinese imperialism" may appear in the Third World.



## REASONS FOR THE FORMATION

Complicated factors contribute to "China Energy Threat Theory," which, to a large degree, not only rise from the differences in interests

and positions, insufficient understanding, and misreading of both the international energy situations and China's relevant national conditions and policies but also is somewhat related to China's insufficient understanding of energy security and other relevant aspects. Undeniably, we also have many misreadings on energy issues. And they have aggravated the external misreading to a certain extent.

Many domestic analyses emphasize on the ulterior motives and prejudices of the "China Threat Theory." There is no denying that part of the "China Threat Theory" is factitious. To be more exact, some market speculators or politicians exaggerate the threat posed by China's energy policy to oil prices and national security, in order to gain economic interests or fishing political capital. But in the opinion of western public, it is not the mainstream.

It is a major reason for the threat theory that foreign countries are not adaptable to the rapid change of China. Within about 30 years, China's economy has grown from that less than the Netherlands to that only second to the United States, and the speed, strength, and scope of China's rise have no precedent in modern history. China's rise will inevitably lead to cross-cutting, sometimes conflicting, interests, values, and world views [14]. China has developed so quickly that she presents to the west a very complicated image. And the Chinese media lack the experience in establishing and spreading national images [15]. Zhang Kangqing, senior researcher at the Canadian Asia-Pacific Foundation, proposes that deeper reasons may be the anxiety and fear of the changes in the world pattern and uncertainty about the future of the world when China rises. This is not only a manifestation of the contradictory and helpless attitude towards China's rise, but also a fear that China's rise may affect their vital interests, as well as concerns and worries about China's high-speed development [16]. Zhang Yiwu, a professor in the Chinese Department of Peking University, believes that it would take a period of time for the outside world to accept a country's rapid transition from backward to strong, and the outside world would not be able to accept it overnight [17].

At an interview with *Global Times*, John Nesbit believes that people must accept that China and the United States are like apples and oranges. They are quite different. And what we have to do is to narrow the gap between China in Chinese people's eyes and China in western countries eyes. China's view of the world is advancing with the times, while Westerners' views on China are obviously outdated. Westerners' understandings of China are filled with old images and ideas, lagging far behind



China's changes. The European and American governments are facing a lot of thorny problems, while eastern countries led by China are on the rise. Against this backdrop, the West feels stronger about its own back-stepping, and its own insecurity has also resulted in fears towards China [18].

On the institutional level, the west has a lot of worries and suspicions about China's energy security, because China is currently outside the western-dominated international energy cooperation system, not a member of the main international energy organization, and is often regarded as the "saboteur" of system, rules, and international practice. Under such circumstances, no matter what energy policy China adopts, including the establishment of international strategic oil reserves, no matter how dialogue, communication, and interpretation have been done, without China's entering the existing international system and accepting laws and regulations universally accepted in the west, it is difficult to eliminate the worries and doubts of the West fundamentally.

"China Energy Threat Theory" is also related to China's understanding of energy security and other relevant issues. Some public opinions, in particular, on the relationship between China's overseas energy investment and her energy security are likely to cause misunderstandings in the west. At home, a considerable amount of analysis and public opinions holds that China's energy enterprises aims to ensure national energy security by means of overseas investment. Some domestic media and research institutes have a lack of systematic, comprehensive, and continuous understanding of China's resources. It is thus difficult to carry out an all-round research from the perspectives of resource potentials, economic reserves, production capacity and consumption trend, and market structure. And it is also difficult to explore China's resource situation and trend from such perspectives as the global allocation, pattern, and orientation. What's more, a few organizations and individuals carry favor by claptrap, taking exceptions as rules, focusing on only one point, and exaggerating infinitely. Objectively speaking, they also contribute to "China Threat Theory" [19].

"China Energy Threat Theory" reflects that in some ways our understanding of the relevant strategic intentions of the United States and the West is not comprehensive, and there are also misunderstandings or misreadings. "Threat to China's Energy Theory" and "Western Energy Conspiracy Theory" exist to various degrees. For instance, America sees China as a potential adversary, not willing to abandon the opportunity of

utilizing energy issues to delay or hinder China's development; America intends to prevent China from acquiring oil resources, or to squeeze out China by undermining China's oil supply channel and international oil enterprises; China's major threat comes from America who deliberately raises oil prices to curb the economic growth in China.

"Strategic Mutual Suspicion" exists between China and the United States. In the media discussion and debate on energy issues, there are many impetuousness political formula, misunderstanding, fear, and antagonism between the two sides. The lack of mutual understanding, ignorance, or misunderstanding lead to fear or panic, which leads to resistance and conflicts, and in turn intensifies the misunderstandings. This complicated process renders the two largest producers and consumers of energy fall into a vicious circle of "misunderstanding, mistrust, confrontation and misunderstanding" [20]. American scholar Joshua Busby believes that the lack of strategic mutual trust between the United States and China is likely to escalate the conflict. If China insists that the United States will weaken or contain her by means of utilizing energy issues, she is likely to take some measures to undermine the US security and diplomatic interests. Therefore, the two countries need to accelerate the construction of mutual trust at the strategic level.

Domestic people have serious mistrust of the world oil market and existing international energy order. The history and practice of the long-term planned economy make the domestic people suspicious of market economy and the international energy market, and the lack of market consciousness inevitably leads to their distrust of the international market. Andrew Kennedy points out that Beijing has always been less assured of international energy markets and institutions, preferring not to rely heavily on other countries to secure the safety of her maritime traffic she relies on. These anxieties encourage her to support policies and proposals that irritate foreign governments. China, wary of strengthening the cooperation with the International Energy Agency and full of interest in the development program of nationalistic naval, supports the energy investment in the spurned countries, all of which are further enhanced by Beijing's distrust of the international energy order [8].

In addition, some of our investment behaviors and ideas contradict the international practice, more liable to cause outside suspicion. As early as in 2006, in a bid for an overseas oil district in an African country, the US oil companies' bid amount was generally over US \$100 million, while the amount of a Chinese oil company was \$1.3 billion. After the

incident, the vice president of a European oil company complains that a few tens of percentages of the bid gap represent a technical variation between different investors on the same subject, which is quite normal, but he cannot believe that the investment would make money when one party bids at more than 10 times the price. He thinks that it is no longer a business at all, and it is clear that the cost constraints and business risks are not taken into account [21].



## NON-MAINSTREAM

Some public opinions in China criticized and refuted "China Energy Threat Theory," which is conceived to be not reasonable. They emphasize that China's energy demand was not a threat to the oil price or world energy resource, considering China's per capita oil consumption and her proportion of trade to the world. "China Energy Threat Theory" is a very complex issue, involving various aspects. The relatively simple and emotional criticism or rebuttal will reinforce the threatening ideas of some people.

In general, we can say that many of the arguments for "China Energy Threat" are unjustified or ill-founded. But undeniably, just like the previous analysis, no matter whether it is objective, or whether it is right or wrong, most arguments have risen for a reason. There is no denying that China's energy demand has caused oil prices to rise or affect the stability of international energy market, and China's economic growth has inevitably boosted the growth of energy demand and the fluctuation of the international energy market while driving the world economic growth and reducing the consumption costs of many countries. Foreign public opinions have paid more attention to the impact of China's demand on oil prices or the market.

In the situation that China's oil consumption continues to grow rapidly, the sound of "China Energy Threat Theory" is very difficult to disappear in the short term. Wei Liunan, author of "The Threat of China," points out that the international denigration of China's achievements will continue for many years. Faced with the wave of denigration, Chinese people must avoid falling into a nationalist overreaction, because this attitude will only deepen the gap of misunderstanding and render their adversaries a weapon of attack. Because of the huge cultural differences

between China and her partner countries, China sometimes has to give up some of the ways which she used to employ in the past, especially those expressions that would have a major impact outside China, so that the content of information can be accurately conveyed. If she does not adapt to the cultural background of the group that she has to get along with, China will encounter difficulties in transmitting information [13].

Diachronically, western countries had a lot of misunderstandings about China before the reform and opening up, which stems from the west's natural hostility towards the east, China's cutting off from the outside world and the gap between the two sides. With China's opening-up, her international status increases continuously, and she promotes and expands the communication with other countries. Though the west's misunderstanding of China's political, military, and diplomatic activities has not completely disappeared, it has been seen less frequently than in the past. The old-fashioned misunderstanding of the west was obviously contrary to the facts. Now the misreading of the west to China mainly focuses on China's economic development, diplomacy, and her impact of environment and energy on the world. So far, the United States has accepted the rise of China and has invited China to play a responsible role in the international system. Cooperation between the two countries is more favorable to each other, and the two sides should not be estranged by nervous worries [15].

Similarly, there is not a lack of the normal understanding of China in the west, and the threat theory is not the whole of the foreign views, especially the west's views, toward China. It is certain that the threat theory has been rejected by some people, who accept China's achievements and propose cooperation. On December 9, 2010, John Cassidy published an article on the New Yorker website titled "China's 'Threat'," stressing that China is a valuable trading partner of the United States and deserves to get the deserved treatment rather than being considered as a potential enemy. The challenge posed by China is obvious, but many of China's practices, such as acquiring technology from abroad, protecting the country's new emerging industries, and promoting development with the national power, were all used by most countries in the past. China sometimes appears to be overly sensitive and nationalistic in confronting with the criticism of the outside world, which can be mainly attributed to the historical reasons—the war and blockades that have been triggered by the west against China in history. For its own sake, the west should not criticize Chinese people for failing to live up to the codes of conduct that

westerners' predecessors have not achieved, and should promote the communication between China and the west, encourage China to implement western intellectual property protection standards, and emphasize that the best way to turn China into an adversary is to regard her as an adversary [22]. On November 6, 2013, the US Forbes website published an article by Ali Vinay and it argues that China may be neither an ally of the United States nor an enemy. A researcher in Harvard Kennedy College's Belford Institute for Science and International Studies explains the reasons why China is not likely to be an ally of the United States, and should not be labeled as an enemy [23]. Joseph Nye stresses that China has a long way to go before she can acquire the same power resources as the United States, and that she will face many obstacles in the course of development.

After the publication of *China Military Report* in 2006, all sectors of the United States criticized the "China Threat Theory" in a large scale, and many influential American experts and scholars stood up to speak. Howard W. French, president of the branch office of *New York Times* in Shanghai, criticizes the article published in *International Herald Tribune*, proposing that the Pentagon's recent report on China's military power shows that the United States is making "historical mistakes." The Military budget of the United States is too large, no matter what the standard is, believes Carpenter, vice president of the Cato Institute, a well-known foreign policy expert in the United States. The Pentagon's attempt to portray China as a military opponent of the United States is to justify its new defense and weapons budget. Most experts will define "threat" as a combination of strength and intention, said Mr. Bukzhe, director of Northeastern Asian Policy Centre at the Brookings Institution. Yes, China is strengthening its military power, but China has never shown its intention to utilize these strengths to attack America.

Keidel, senior researcher at the Carnegie Endowment for International Peace, Peter Boullier, an expert at the University of Johns Hopkins, Roach, chief economist of Morgan Stanley, Lardy, senior researcher of Peterson Institute for International Economics, Ikenson, an expert on trade in the Cato Institute, Mondale, a professor at Columbia University, and some other influential scholars criticize "China's Economic Threat Theory" on various occasions, and put forward that the United States should not instigate extreme nationalist sentiment in the economic field. Many business people in the United States believe that "China's Economic Threat Theory" is not worth a bargain, because

they are very optimistic about the Chinese market, and benefit substantially from the cooperation with China's enterprises.

Mr. Tang, journalist of The People's Network in the United States, points out that the United States is a pluralist society of public opinions. Besides the group that renders the "China Threat Theory," a large number of serious think tanks and scholars are paying close attention to the development of China and have drawn relatively fair conclusions. For example, the Brookings Institution, the Carnegie Endowment for International Peace, the Center for Strategic and International Studies, the Foreign Relations Committee, and other mainstream think tanks, in contrast to the traditional foundations, enterprise research institutes, and the "New Century" program, are more objective to China. Although the US Government will listen to various voices and opinions before making its decisions on China, the White House will generally be the top priority for the US National interest. Although the right-wing conservative "China threat" is sensational, in many cases disguised as patriotism, it is difficult to get onto the decision-making table [24].



## RATIONAL RESPONSE

On the surface, China's energy issue is one related to supply security, price, pollution, and overseas investment, whereas fundamentally it is one on how to maintain sustainable economic growth, how to integrate effectively into the international community, and how to communicate with other countries in the world. Energy and environmental threats mainly rise from China's increasingly prominent energy problems and some countries' worries about China's rise, which are very difficult to disappear in the short term. In the analysis of "China's Energy Threat Theory," it is advisable to make clear distinctions, which are the problems, which are the topics, which are the misreadings, which are the misunderstandings, which are the good intentions and the mild criticisms, which must be taken seriously, and which are not worthy of caring about. In response, first we should take serious care to solve problems, starting with domestic problems and minding our own business.

Criticism should be targeted in the proper way, supported by convincing evidence and expressed in the internationally accepted language. Professor Wang Jisi from Peking University points out that although the

domestic articles criticizing the "China Threat Theory" are enlightening, they are basically written in Chinese. Foreign readers have no opportunities to read and comprehend them. Our rectification and criticism of the "misreading" are mostly made to appease public opinions at home, with limited international effects [25]. Mr. Lin argues that, aimed at the threat theory, China can explain her own energy supply and demand situations and her efforts to conserve energy, but should avoid unprofessional discussions with western media about "China Energy Threat Theory," because this kind of discussion can easily fall into a hype and subsequently turn into an expectation of high price, substantially influencing Chinese economy. The understatement of China's energy problems will not eliminate the "China Energy Threat Theory," but will make people misunderstand the government's efforts and will affect people's awareness of energy conservation [26].

Objective analysis of the energy security reality is needed to be free from the victim mentality and avoid politicizing, militarizing, and cold war thinking modes of energy market issues as far as possible, which can reduce the unnecessary misreading and misunderstanding, such as the relationship between overseas energy investment (purchasing overseas energy assets) and energy security, energy diplomacy, strengthening the naval construction for escort, energy resource competition and control, etc. In promoting overseas energy investment and cooperation, we should consider the energy issue from the global perspective and take into account the diplomatic and international reputation costs, severe economic, and personnel security risks brought about by overseas energy cooperation.

It is inappropriate to exaggerate China's energy risk. Foreign energy groups and financial speculators exaggerate China's energy threat and energy risks. And of course they have their purpose. At home, it is also beneficial for some enterprises to buy energy resource or purchase and merger overseas energy companies, if China's energy supply is exaggerated to be dangerous, China's oil security hazardous, and China's demand for oil continuously soaring. However, it is important to avoid overstating the dangers of China's energy situation, particularly to prevent some companies from taking advantage of such exaggerations and investing too much in overseas purchases of oil. And it is also critical to prevent, as far as possible, the diplomatic policy from being kidnapped by energy giants, because the energy issue has clearly brought pressure on China's national image and her diplomacy [21].

Mr. Lin points out that to eliminate “China’s Energy Threat,” China should not only build confidence and overcome the weak state and victim mentalities but also manage her energy production and consumption, as well as avoid radical changes and rush responses, which may increase the uncertainty in the energy market. China also needs to establish the reasonable and feasible energy-saving goal; strengthen the research on energy economy, especially the impact of energy price on energy supply and demand; explore the model and speed of economic growth; make laws and regulations to manage the mining and utilizing speed of energy resources; and take full account of energy and environment constraints, including reserves and energy price constraints in international environmental cooperation and international economic division of labor. At the same time, the internalization of resources scarcity and the environmental impact in the pricing of energy will increase energy prices and reduce the effective energy consumption. China has a huge energy-saving potential and should explore the appropriate ways in which Chinese people live and consume energy. According to the energy consumption principle that energy conservation takes the priority, we should introduce the corresponding price tax policy as soon as possible and implement various measures to establish energy saving society.

Effective energy diplomacy should be another means to resolve “China Energy Threat Theory.” China has to be more involved in international business politics due to her oil problems, and should strive to improve her relations with oil exporters, especially those in the Middle East, Central Asia, and Russia. When making the energy diplomacy strategy, China must consider the global environment, and fully understand the energy policies of other energy powers in order to create a favorable external environment for ensuring her energy security. The key to effective energy diplomacy lies in how to help Chinese enterprises to take “going out” strategy as a kind of business competition behavior rather than a behavior resulting from energy security “threat.” On the other hand, China’s energy enterprises should be more humble and better prepared to “go out” [27].

China needs to meet the world’s challenges and even hostility with more open mind. China has changed too rapidly, and the image presented to the west is also complicated. To eliminate these misunderstandings, it is not enough only to “walk your own way, let others say.” We must be more open-minded to confront with the world’s challenges, and even hostility. Now China needs to transmit her ideas and values effectively to



the world by diplomatic means to safeguard her national interests. Some scholars believe that the idea—"If we become stronger, we will be liked"—is too simple. The power without any trust will only bring dangers. A powerful strength and a good national image do not necessarily follow each other [15].

At the operational level, the government should actively promote enterprises to adapt to the international market rules as soon as possible, and shoulder risks to the best of their abilities jointly with well-known transnational corporations in search for exploration and development projects. The investment in overseas energy resource projects demands more money and is commercially risky. As much as possible, China should purchase with companies in the resource countries or with western multinationals corporations, and operate with multinational corporations or international consortium in order to reduce suspicions of western countries, such as the US and resource countries about China and dispel the risks of domestic companies.

China should strengthen international dialogue and communication and promote multilateral energy diplomacy. The role played by International Energy Agency, Energy Charter, and other international energy organizations in China's multilateral energy diplomacy should be emphasized strategically, and the International Energy Agency and Energy Charter will serve as a breakthrough for deepening the cooperation with international energy organizations, integrating into multilateral energy cooperation mechanisms and international energy orders. We should further strengthen the research and understanding of the major international energy organizations and multilateral energy cooperation mechanisms and prepare the relevant policies, laws, and personnel to join these organizations. The engagement in international organizations and the recognition by international organizations is an important indicator of the extent to which the developing countries integrate into the existing international system. Participating in the International Energy Organization can largely alleviate the worries of the international community, especially the West, that China will challenge the current international order or system.

Enterprises are continuously encouraged to participate in similar international initiatives, such as *Extractive Industries Transparency Initiative*. The issues of business transparency and international reputation are important obstacles to the overseas investment of Chinese state-owned enterprises. There are signs that China has made some progress in this regard. On the

General Assembly resolution and on international platforms such as the G-20, the Chinese Government has publicly voiced its support for the global standards for transparency in the oil mining industry proposed in *Extractive Industries Transparency Initiative*. Under the framework of the initiative, China's enterprises in countries like Gabon, Kazakhstan, Mongolia, and Nigeria have agreed on transparency initiatives [28].

Resource situation analysis and strategic research should be regularized, institutionalized, and standardized. In this respect, China has many disadvantages. A lot of people are doing the resource situation analysis and strategic research, but no one can illustrate it clearly or take his responsibility of it. Everyone, eager for quick success, is roused to precipitate action in the field which they regard as a hot one, hoping to gain result within two days. Many researches are based on those data that are not systematic, discontinuous, incomplete, and not timely. The results are copied here and there [29].



## **INTERNATIONAL ORDER FROM AN ENERGY PERSPECTIVE: INTEGRATION OR CHALLENGE?**

China's energy policy has become the focus of attention and criticism in the international community and the west. Many compatriots are puzzled, because they think that China's energy demand is an inevitable result of her economic development and that her overseas investment is a normal economic behavior. They have no idea who has been threatened. But in the eyes of westerners, China's energy demand and subsequent actions have broken the status quo. Besides the worries about oil prices and market competition, they are more worried that China will challenge the current international order and western leadership with the aid of energy cooperation and energy diplomacy. In particular, China's cooperation with Iran, Venezuela, and other countries is very easily interpreted as challenging the existing international order.

The "China Energy Threat Theory" is related to many aspects: the energy market, transnational investment, and international politics and security. There are also some differences between various versions and the focus of each country and each analyst, but the core issue is the same, that is, whether China will integrate into the existing international order. Over the years, as economic, political, and military strength grows, a key

strategic question is whether China will accept the post-World War II world order dominated by America, which is characterized by multilateral treaties, institutions, and rules [30]. Whether China will integrate into the existing international order is the most concerned issue of the West and the international community. It is also the key issue that China must face in the course of the peaceful development. To some extent, how to respond and face the problem is also the key to the "China Threat Theory."

Historically, it is often very difficult for the old big powers to allow other big powers to rise up. What does the rise of China mean for regional and global power balance and in the US-led mechanism? The issue has aroused the worries of some US Officials to some degree [31]. As Joseph Nye points out, throughout history, the rise of an emerging power is always accompanied by variables and concerns, followed by violence. As the most populous country in the world, the rise of China's economy and military power will be one of the most important issues affecting the stability of the world in this century. Chinese leaders have expressed that China will take a "peaceful development" route, but analysts such as John Mills Heimer of the University of Chicago insists that China is unlikely to rise peacefully. They predict that the United States and China are likely to unleash a fierce competition for security, even a war [32].

With the rise of China's comprehensive strength, including economy, the west is worried that China will challenge the existing international order. Many western analysts believe that China will not accept the existing international order, thus posing a threat to the existing international order and vested interests in the west. Richard Williamson argues that China holds different views on the world order and emphasizes sovereignty rather than collectivism, cooperation, and multilateralism. China pursues the world order based on her own political characteristics rather than the integration into the systems molded by America and Europe. Japanese scholars point out that strategically, China seems to be waiting until it can publicly challenge existing US-led global institutional structures, which have remained unchanged since the middle of the 20th century, as it has been. Neil Ferguson, a Harvard professor, even points out that China has repeatedly stressed that it has no intention of playing a leading role in international politics, and declared for many times that China is a poor country without any imperial ambitions. Ghost will believe it!



## **CHINA'S ACTIVE INTEGRATING INTO THE EXISTING INTERNATIONAL ORDER**

China's rise has benefited from the existing international order. And China's economic success has taken place in the US-led global economic system. Despite some doubts and concerns, China's efforts to integrate into the international order have been recognized by many western scholars and analysts. Edward Steinfeld points out that China experienced turmoil for nearly a century, who, through integration rather than subversion of the existing international order, is recovering her own identity and value [33]. Mr. Delaire stresses that in the early stage of reform, China actively sought to return to the international system, and basically followed its rules. Beijing's overriding aim is to create a peaceful environment in order to develop its economy at full strength. Therefore, China, mainly a supplicant, rather than a persuader, is the recipient of the system, rather than the creator [34].

Edward Steinfeld further stresses that since the crisis in the early 1990s, China chose to bind herself with the established international order, which is bound to influence the evolution of the domestic institutions and determine the developing direction of the social and political competition. The growth of China's economic strength is more likely to be beneficial to the United States. Because China is participating in the western rules-making games, and gradually integrating those rules into her dominant economic system, in order to realize her own dream of modernization. China follows the rules set by the west. The rise of China has not posed a threat to the United States, but achieved a certain win-win situation. Fundamentally, China has joined the western system dominated by the United States and other countries [35].

At present, China's growth is more achieved by internalizing the rules of industrialized countries in western developed countries. In essence, China, as a country in the high tide of modernization, is doing something that has never been done in history: integration into the world system. China is embracing the world system, a system that has been dominated by the United States since the Second World War and participated in various forms by all western developed industrial countries. China has become a supporter of globalism, an international promoter, a system outsourcer, placing herself in the global production, following the business logic produced by globalization, acting on international conventions

step by step. The Chinese government has achieved economic development through internationalization. In this process, the composition and interests of the management have changed [36].

Globalization has driven China's transformation, and the impetus for these changes has come from her integration into the global economy. The rise of China's economy is not a reason for a country to change the global business rules without any reasons. She is not a political anomaly to achieve its own growth at the expense of the outside world, not a revisionist country trying to remold the global system out of its own will, not a country of old-fashioned mercantilism—to secure national power by utilizing economic techniques, but a country extricating itself out of survival crisis by integrating into a specific global economic order [37].

In general, China's acceptance of international rules is getting higher and higher. In November 2009, the Center for American Progress published a report entitled "New Trends of China in the International System" jointly written by the center's researchers: Nina Hitchie, Winnie Chen, and Christopher Beidou. The report points out that China's actions against the four cross-border threats, including global warming, economic crisis, nuclear proliferation, and epidemics, are closer to the international system, international rules, and international practice. Although such progress has yet to be improved, the overall trend is China's growing engagement in international institutions, and it is working to influence international rules while further complying with those rules.

Harry Harding, professor at George Washington University, noted at a hearing of the US Senate Foreign Relations Committee, the theme of which is "the relationship between American and China in the era of globalization," that China was almost a member of all international organizations, and that China's efforts to incorporate China into the international system have basically ended. Encouraging China to become a "responsible stakeholder" in international affairs has become a central element of the current U.S. policy toward China. The policy of making China a "responsible stakeholder" is the continuation of the Clinton administration's inclusion of China in the international system, which means that China is required to not only uphold the international rules but also to protect them when other countries disobey those rules, and to help those countries, who hope to join the international system but with insufficient capabilities, to join the international system. China should actively participate rather than passively act as a member of the system, and should assume her responsibility as a major power rather than a "free rider."



## FROM “GOING OUT” TO “GOING INTO”

China has a long way to go before integrating into the international system and being widely recognized by the international community. Zheng Yongnian, director of the East Asian Institute of the National University of Singapore, points out that China's diplomacy is now facing a problem, the imbalance between economic “going out” and strategic “going out,” and that China should move from “going out” to “going into.” In his view, compared with the economic “going out,” China's strategic “going out” seems very difficult. The “peaceful rise” just expresses China's hope for peace. To achieve peace, China must not only have sufficient defense and military capabilities to safeguard her own national interests but also be able to safeguard the peace of the international community. China's military modernization has always reasonably been expected by the external world because the economic modernization and military modernization of any country are co-existent. However, people also want to know the intentions of China's military modernization, that is, to ask China to answer the question “Why to achieve military modernization.” Mr. Zheng stresses that China has made a different choice from the former Soviet Union—to join the western-dominated existing international system, which is naturally part of China's international responsibilities. In any way, China must take this responsibility as a big country; otherwise, it is difficult to become a real big country, that is, one recognized by other countries [38].

Compared with “going out,” we should emphasize “going into.” The concept of “going out” originally refers to the enterprise's overseas investment, which corresponds to “introduction,” but has often been misinterpreted by some foreign countries for many years as “expansion” due to the differences in culture and so on. The “going out” emphasizes the openness; the “going into” emphasizes the integration and focuses on the integration into the existing international order and system. China's rapid development has caused discomfort in other countries and concerns that China may challenge or overturn the existing international order. Rather than letting such concerns spread so widely that it would lead to an ally of other countries, an unfavorable situation for China, it would be better for China to take the initiative to put on the “Golden Hoop of the Monkey King” and actively accept the multilateral constraints from international organizations and the international community to minimize the

concerns and worries of other countries. In general, China should further enhance its willingness to participate in the international multilateral mechanisms and increase her capacity and level of international cooperation.

The ultra-normal growth of China's economic volume has made great impact on the world, and the world is more and more doubtful about China. From the perspective of academic research and international communication, the emphasis is on how to introduce China in the language that westerners can understand, and how to present a comprehensive and real China to the world as well as possible. Yao Yang, president of the National Development Institute of Peking University, points out that what Chinese scholars need to do is to find something that is universal among the particularities of China. It is an important task for Chinese scholars to describe the scenery on a Chinese road in the language that westerners can understand [39]. On April 21, 2015, Fu Ying, chairman of the China—U.S. Think Tank Forum held at Tsinghua-Brookings Institution of Public Policy Research, said that it was an important issue to translate Chinese concepts, such as "four comprehensions," which sounds very good and motivating, but the original meaning was lost after translation. Li Kan, a famous American scholar of Chinese issues, and a senior researcher at the Brookings Institution Foreign Policy and Global Economy and Development, also stresses that the two countries often express different meanings with the same vocabulary.

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