

## China's Energy Security in the Twenty-First Century: The Role of Global Governance and Climate Change

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China's global energy activities have evolved considerably over the past three decades. In 1993, China shifted to become a net importer of oil. This transition underpinned the emergence of China's national oil companies (NOCs) as major acquirers of oil and natural gas exploration and production assets around the world. China's growing reliance on oil and natural gas imports also prompted its leaders to forge closer relations with resource-rich countries to enhance the country's energy supply security.

Today, the pace of the overseas acquisitions of China's NOCs has slowed considerably and the purchases themselves have become more strategic. Meanwhile, China's government and companies are cooperating with their counterparts in other countries to transition to a lower-carbon future. Some of this cooperation is occurring under China's Belt and Road Initiative (BRI) and the Asian Infrastructure Investment Bank (AIIB), a multilateral development bank whose creation was championed by China, which is also its largest shareholder.

*China's Energy Security in the Twenty-first Century* explains how China's international energy engagement has changed over the past 30 years. It is a concise and highly readable volume. The first chapter provides a high-level overview of this evolution. Subsequent chapters are devoted to case studies of how China has used multilateralism to advance its energy and climate objectives to include the BRI and the AIIB, and China's energy cooperation with Central Asia, the European Union and Africa.

Some chapters clearly detail how multilateral diplomacy has helped China achieve specific energy objectives. A case in point is the case study of China–Central Asia energy cooperation (chapter three). It describes how China, seeking to satisfy its growing demand for oil and natural gas and to diversify its suppliers and energy import routes, partnered with countries in Central Asia to develop the Kazakhstan–China oil pipeline and the Central Asia–China natural gas pipeline, which stretches from Turkmenistan to China via Uzbekistan and Kazakhstan.

The two pipelines enabled China to diversify its energy suppliers and import channels. The Central Asia–China natural gas pipeline facilitated Turkmenistan's emergence as China's largest supplier of pipeline gas and second-largest supplier of natural gas (pipeline gas plus liquefied natural gas) after Australia in 2021, the last year for which China's General Administration of Customs published a breakdown of the volume of China's natural gas imports by country. While the Kazakhstan–China oil pipeline has not made Kazakhstan a major supplier of oil to China, it has nonetheless helped diversify China's oil imports away from seaborne deliveries by providing Russia with another channel for sending oil to China; 200,000 barrels per day of Russian crude flow through the 400,000 barrel per day pipeline.

In contrast, the chapter on the BRI and the AIIB is more forward looking, with the author arguing that the AIIB "is in a strong position to carve out a new niche of multilateral cooperation in sustainable development in the global South" (p. 31). Indeed, the table of AIIB sponsored energy projects in 2015–2017 in the appendix supports this point, as does the longer and more up-to-date list of projects on the AIIB's website. More broadly, this chapter makes the important point that



China's hesitation to participate in international energy organizations led by rivals motivated Beijing to look for other ways to project its influence on global energy governance, with the BRI demonstrating "how China has created a niche for itself in global energy governance" (p. 37).

It is worth noting that as China looks to multilateralism to advance some of its energy and climate goals, its bilateral energy diplomacy remains alive and well. An excellent example of this is China's energy engagement with Russia. Chinese officials participated in the negotiations for the cross-border oil and natural gas pipelines which helped establish Russia as one of China's top two suppliers of crude oil on an annual for every year since 2015 and as an increasingly large supplier of natural gas. Senior Chinese leaders have also participated in the China–Russia Energy Business Forum, a mechanism for cooperation and exchanges established by China's leader Xi Jinping and Russian President Vladimir Putin.

*China's Energy Security in the Twenty-First Century* is suitable for inclusion on a syllabus for a course that focuses, in whole or in part, on China's energy international energy policies and activities. It would be a nice complement to materials written in the 2000s or 2010s to further illustrate the evolution of China's energy global energy engagement. It also cites numerous Chinese government documents and articles by Chinese experts that should be useful to students interested in delving deeper into Chinese energy issues.

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## Sovereign Funds: How the Communist Party of China Finances Its Global Ambitions

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China's rise as a global economic powerhouse led to its accumulation of substantial foreign reserves. In her book *Sovereign Funds*, Zongyuan Zoe Liu describes how China's sovereign leveraged funds (SLFs) transformed these foreign reserves into geoeconomic power. A key element of her book is the definition of SLFs, which she differentiates from traditional sovereign wealth funds: the distinguishing feature of SLFs is that the state manages to "capitalize a fund without relying upon a high-profit revenue stream like the export of commodities" (p. 6). This suggests that the advantages of SLFs are accessible to governments around the world since they do not rely on the availability of natural resources.

The book's main argument revolves around the development and strategic importance of China's SLFs. Chapter two presents the first of these, Central Huijin, which was earmarked for China's financial and economic development. Its success paved the way for the establishment of funds that transformed foreign reserves into strategic investments. Chapters three and four introduce respectively the China Investment Corporation (CIC) and the network of funds affiliated with the State Administration of Foreign Exchange (SAFE). Whereas the former puts emphasis on its supposedly apolitical nature and is described as relatively transparent, the latter is – as Liu describes it – more openly set up to promote China's strategic interests. The central message is that China's