

Advancing Azerbaijan-China Energy Cooperation within the SCO Framework

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Azerbaijani President Ilham Aliyev delivered a speech at the “Shanghai Cooperation Organization Plus” (SCO+) meeting in Tianjin, China (September 2025) [underlining](#) Azerbaijan’s role in regional connectivity and energy cooperation. Energy is a cornerstone of Azerbaijan’s economy and a major area of cooperation with both China and other SCO countries. As a hydrocarbon-rich nation on the Caspian Sea, Azerbaijan brings significant oil and gas assets to any partnership. It has leveraged its dialogue partner status in the SCO to advance energy collaboration aiming to diversify its export markets, attract investment in energy infrastructure, and even develop new energy technologies.

Building on this foundation, Azerbaijan has gradually shifted its energy focus from its traditional European partners toward emerging Asian markets. Traditionally, Azerbaijan’s oil and gas have flowed Westward to Europe (through pipelines like BTC and TANAP), but now Asian markets are increasingly in focus. China, in particular, [has begun importing](#) Azerbaijani crude oil in recent years. Although volumes are modest relative to Azerbaijan’s exports to Europe, they signal a growing Far Eastern demand. Azerbaijan has adapted to this by exploring routes for oil swaps via Central Asia. On the policy side, energy cooperation was highlighted in the Comprehensive Strategic Partnership with China, aligning with China’s interest in diverse energy sources and Azerbaijan’s interest in reliable, long-term buyers. Additionally, other SCO members, such as India, [have shown interest in](#) Azerbaijani oil for their refineries, and Pakistan [has discussed](#) potential gas supply projects with Baku. By staying engaged with the SCO circle, Azerbaijan keeps such opportunities on the table.

A milestone in this process came in 2018, when SOCAR (the State Oil Company of Azerbaijan) [established](#) a joint venture with BGP Inc., a subsidiary of CNPC (China National Petroleum Corporation). Focused on exploration and seismic services—including onshore, transitional, and offshore operations, data acquisition and processing, seismic equipment production, and ICT services—this partnership marked one of the earliest concrete steps in Azerbaijan–China energy cooperation. Building on this foundation, Azerbaijan’s evolving orientation toward Asia has since encouraged corporate engagement with Chinese firms expanding from exploration into investment and large-scale projects.

More visibly, Chinese companies have started investing in Azerbaijan’s energy sector in recent years, marking a new chapter in bilateral cooperation. In August 2025, for instance, Azerbaijan’s state oil company SOCAR [hosted talks](#) with a delegation of China National Chemical Engineering & Construction Corporation (CNCEC)- a major EPC contractor. They discussed joint projects in oil refining and petrochemicals, both in Azerbaijan and in third countries. Additionally, on September 2, 2025, in Tianjin, China, the Framework Agreement between the State Oil Company of the Republic of Azerbaijan (SOCAR) and China National Chemical Engineering and Construction Corporation “Seven LTD” [was formally exchanged](#) in

the presence of President Ilham Aliyev and CNCEC Chairman Mo Dingge. This would include modernization of Azerbaijani refineries, building of petrochemical plants, or partnership in new oil & gas field development. Such deals dovetail with Azerbaijan's strategy of inviting diverse foreign partners (beyond its traditional Western oil majors) into its energy sector, thereby hedging geopolitical risk and tapping new financing. For China, partnering with Azerbaijan's energy projects extends its footprint along the Belt and Road Initiative (BRI) and potentially gives Chinese companies a role in supplying Europe via Azeri infrastructure.

Beyond hydrocarbons, the growing momentum of Chinese investment naturally extends into renewables, where Beijing's technological edge complements Baku's climate goals and renewable ambitions. Azerbaijan has set goals to increase its share of renewables and decrease carbon intensity, and China has eagerly supported this. During Aliyev's April 2025 visit, several green energy agreements [were signed](#). These included a Chinese investment to build a 100 MW solar power plant in Gobustan (to be completed by 2026), a 2 GW offshore wind project in the Caspian Sea with Power China and China Datang, and a 100 MW floating solar farm on Lake Boyukshor paired with a 30 MW battery energy storage system. Other agreements covered a 160 MW ground-mounted solar plant and a pilot 100 MW solar station developed by Huantai Energy, which won Azerbaijan's first renewables auction.

Notably, Chinese engineering firms and tech vendors [are already embedded](#) in Azerbaijan's clean energy transformation. Universal Energy, a Shanghai-based developer, is constructing the Gobustan solar project; Power China Resources is handling design and grid integration for the 160 MW solar plant and serves as the EPC contractor for the Khizi–Absheron wind farm, while Huadong Engineering Corporation contributes to wind power EPC delivery. These projects will significantly diversify Azerbaijan's energy mix, save natural gas for export, and cut millions of tons of CO₂ emissions.

The Tianjin meetings further underscored that cooperation is deepening not only in project delivery but also in future-oriented innovation. On September 2, 2025, President Ilham Aliyev [met with](#) Xi Yinfen, Executive Vice President of the Power China Group, in Tianjin, where further talks reinforced these efforts by highlighting ambitious future plans: building new solar and wind power plants, integrating smart energy systems, advancing projects in green hydrogen and water treatment, and launching training and knowledge transfer programs. This demonstrates that cooperation is not limited to construction alone, but extends to technology sharing and capacity-building, key elements for Azerbaijan's long-term green transition. Additionally, China's broader strategy includes supplying competitive solar modules and wind turbines, acting as turnkey EPC contractors, and participating in renewable energy auctions in Azerbaijan, helping the country accelerate its clean-energy transition.

Such bilateral progress finds a wider institutional echo within the SCO, where energy has long been a core theme of cooperation. Energy security, creation of unified energy systems, and collaborative projects have long been discussed under the SCO framework. As a dialogue partner, Azerbaijan contributes by virtue of being a reliable energy supplier and transit country. For example, Azerbaijan's pipelines could one day [link](#) Central Asian gas to new markets, or its electricity grid could integrate with neighbors for energy swaps. Discussions are already

underway about trans-Caspian energy links (electricity or pipeline) that involve Kazakhstan, [Turkmenistan](#) (an SCO observer), and Azerbaijan – initiatives that have tacit SCO backing. In a broader sense, Azerbaijan's participation in SCO activities helps synchronize its energy diplomacy with those of Russia, China, and Central Asia, ensuring that it remains part of regional energy conversations.

In summary, energy cooperation is a vital dimension of Azerbaijan's SCO engagement, yielding concrete projects and strategic alignments. By working with China and SCO partners on both fossil fuels and renewables, Azerbaijan secures its role as an energy bridge between Asia and Europe. This not only brings investment and technology into Azerbaijan but also strengthens the interdependence between Azerbaijan and major SCO economies. As President Aliyev highlighted at the Tianjin SCO summit, Azerbaijan's large-scale energy, transport, and logistics projects contribute to regional prosperity and tie the country's success to that of its partners. Energy collaboration, therefore, exemplifies the mutual benefits of Azerbaijan's strategic engagement with the SCO.