The Institute of Energy Economics, Japan

The Rise of China and International Energy Markets:
A Washington Perspective

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Themes and Issues

- China’s emergence as oil and gas import giant
- Increasingly long-haul trade
- Geopolitical challenges
- Scramble for supply security?
- Market integration or bilateral competition
- U.S.-China Energy Cooperation
Demand Surge from China

Incremental primary energy demand by fuel & region in the New Policies Scenario, 2008-2035

- **Coal**
- **Oil**
- **Gas**
- **Nuclear**
- **Hydro**
- **Biomass**
- **Other renewables**

**Demand for all types of energy increases in non-OECD countries, while demand for coal & oil declines in the OECD**
Gas Imports Catching Up To Oil Imports

China’s share of the projected net global increase for selected indicators in the New Policies Scenario

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<tr>
<th>Indicator</th>
<th>2000-2008</th>
<th>2008-2035</th>
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<tbody>
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<td>Coal demand</td>
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<td>Oil net imports</td>
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<td>CO₂ emissions</td>
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<td>Oil demand</td>
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<td>Gas net imports</td>
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<td>Generating capacity</td>
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<td>Energy demand</td>
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<td>Gas demand</td>
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<td>Renewables demand</td>
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Developments in China’s energy system will have major implications for global supply & demand trends for oil, natural gas & coal, as well as prospects for limiting climate change
New Infrastructure Built

Speed up LNG imports

Source: PetroView, PFC Energy
Figure 2. China's Critical Sea Lanes. Like many other industrialized East Asian Countries, China is heavily dependent upon critical sea lanes for its energy imports. Over 80 percent of China’s crude oil imports transit the Strait of Malacca.
Choke Points and Maritime Disputes

Source: Economist, EIU, and Bo Kong (2005)
China Pays Premium for Pipeline Imports

Tackle the "Malacca Dilemma"

America’s Role in Regional Security