

The Institute of Energy Economics, Japan
The Rise of China and International
Energy Markets:
A Washington Perspective

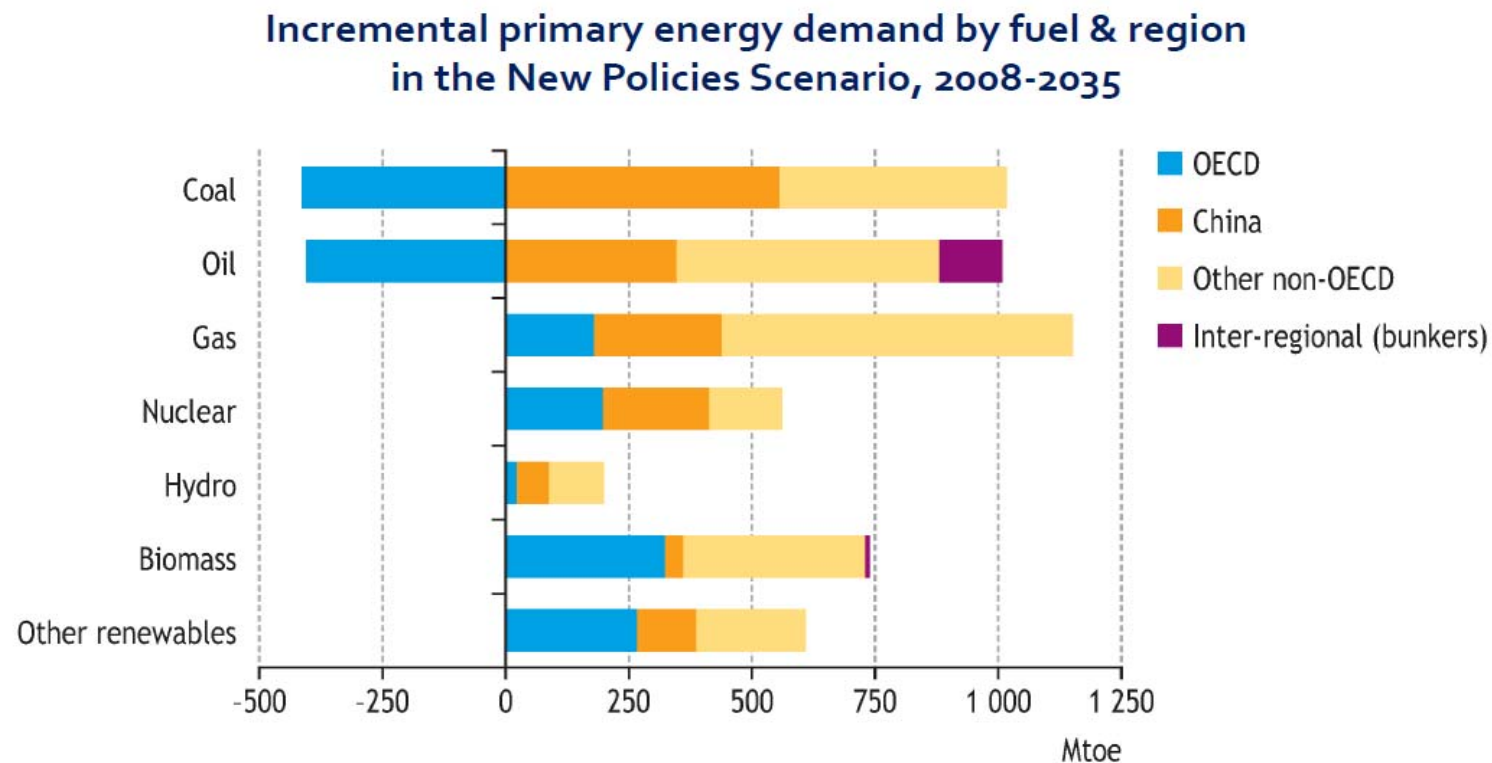
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Themes and Issues

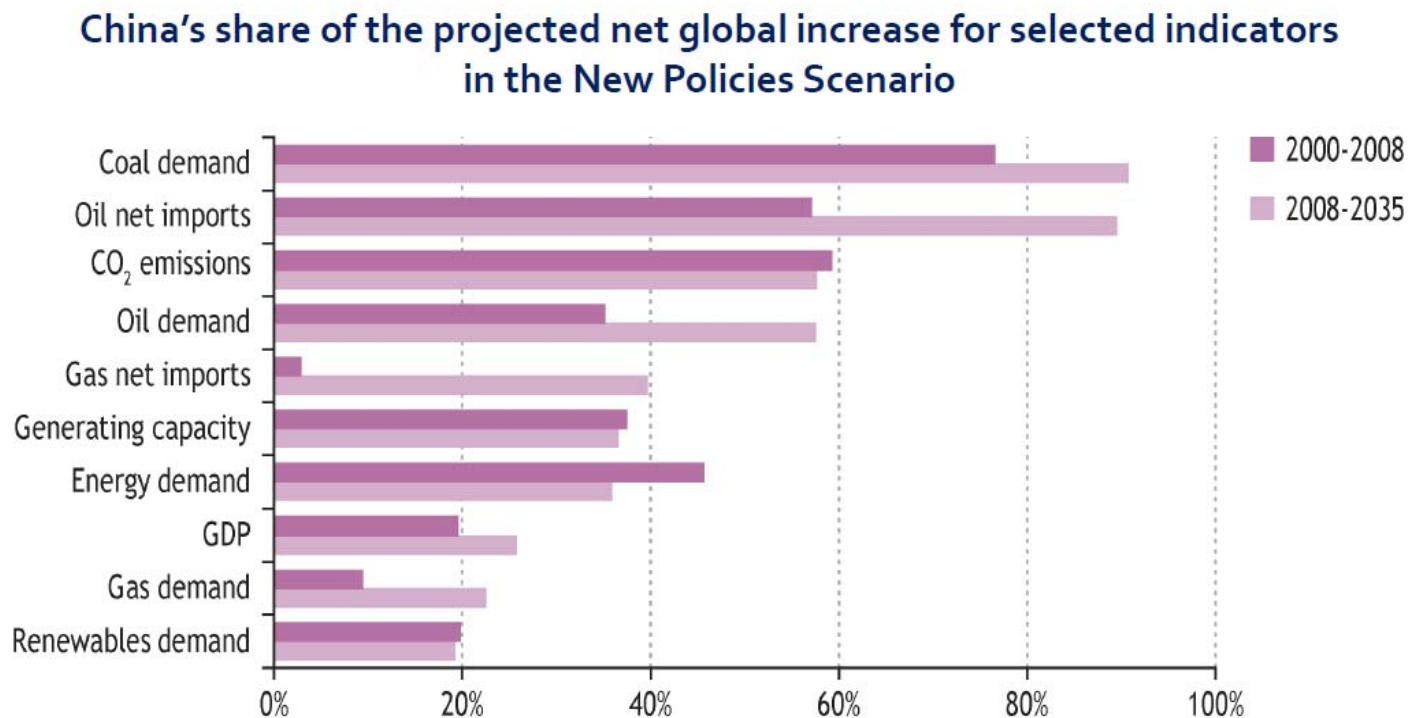
- China's emergence as oil and gas import giant
- Increasingly long-haul trade
- Geopolitical challenges
- Scramble for supply security?
- Market integration or bilateral competition
- U.S.-China Energy Cooperation

Demand Surge from China



*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



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

Imports Coming From Great Distances



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"



Russia: Government-Proposed Far East Oil and Gas Pipelines (U)



Source: EIA, DOE, Wikipedia, and *The Myanmar Times*.



America's Role in Regional Security

