

**Third OPEC International Seminar
China's Energy Situation
and its Future and
the New Energy Security Concept**

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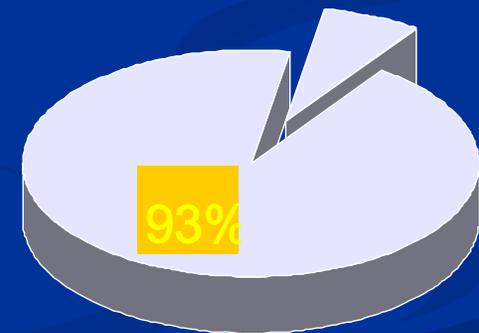
Vienna
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Outlines

- I. The Current Energy Situation in China
- II. China's Future Energy Policy
- III. China's New Energy Security Concept

I. Current Energy Situation in China

- China has become one of the world largest energy producers and consumers and in 2005
 - **Primary energy production:** equivalent to **2.06** billion tons of standard coal, increased **9.5%** over the previous year
 - Coal production: **38 %** of the world the **1st** largest producer
 - Crude oil production: **180** million tons ranking the **6th** in the world
 - Hydro-electricity: **401** billion kw hours ranking **1st** in the world
 - **Consumption:** equivalent to **2.22** billion tons of standard coal
 - **Energy self-sufficiency rate:** **93 %**



Energy Self-sufficiency Rate

Huge exploitative potential in China

- By the end of 2005

Total conventional energy recourses:

823 billion standard tons of coal

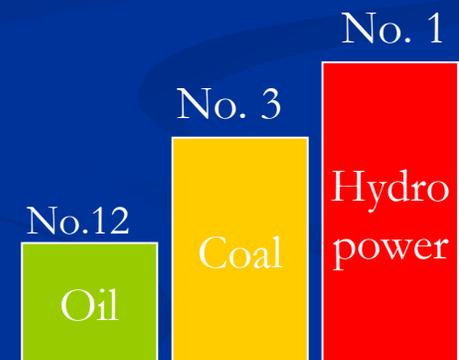
Proven recoverable deposits :

139.2 billion standard tons of coal

10.1 % of the world

- Proven coal deposit: 12 % of the world
rank the 3rd of the world
- Hydro power reserves: 30% of the world
rank the 1st of the world
- Remaining recoverable oil reserve: 2.49 million tons
rank the 12th of the world

- In terms of conventional energy reserves,
China is one of the resource-rich countries in the world



Increase production and improve the energy efficiency

■ Energy demand increased

- The healthy and robust economic growth
- The transportation and petrochemical industry developed
- Power supply shortages

■ Enlarge production

- added 150 million tons in coal production capacity
- added 120 million KW in installed power generating capacity
- progress in the new and alternative sources of energy

■ Improve the energy efficiency

- economic use and saving of energy
- the apparent consumption of oil in the year 2005 was 317 million tons
136 million tons imported
net import reduced by 5.3%
- The dependency on oil imports in 2005 is 42.9 %

Large investments in the downstream industry

- In year 2005
 - the primary crude oil processing capacity: 323 million tons
 - crude oil processed: 286 million tons
 - the annual growth rate averaged 4.76 % from 2000 to 2005

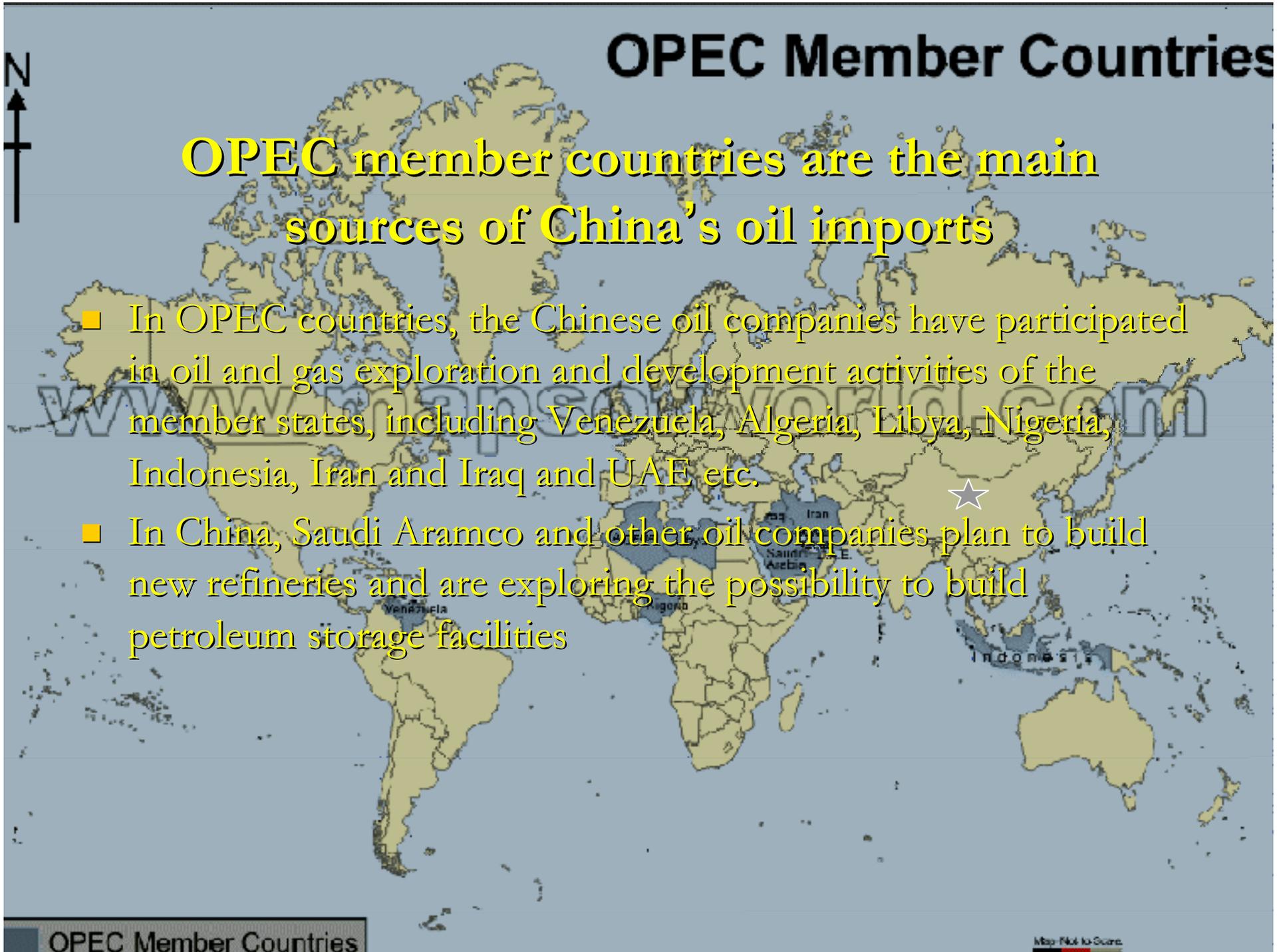
Opening-up policy and international cooperation

- In 1982, China opened its offshore for cooperation
- 21 provinces and regions have gradually opened up oil and gas exploration
- As to the end of 2005
 - More than 20 countries involved in China's onshore and offshore upstream activities
 - More than 200 contracts signed.
 - Total foreign investments: 11 billion US dollars

OPEC Member Countries

OPEC member countries are the main sources of China's oil imports

- In OPEC countries, the Chinese oil companies have participated in oil and gas exploration and development activities of the member states, including Venezuela, Algeria, Libya, Nigeria, Indonesia, Iran and Iraq and UAE etc.
- In China, Saudi Aramco and other oil companies plan to build new refineries and are exploring the possibility to build petroleum storage facilities



II. China's energy policy in the future

- ◆ Projection on China's oil production and consumption prior to 2010
 - ✦ annual newly added recoverable reserves: 180 million tons
 - ✦ domestic oil production: 180 million tons
 - ✦ consumption increased by 6.7% annually since 1990
 - ✦ net oil imports: 170 - 180 million tons
 - ✦ crude oil processing capacity: 400 million tons

The Chinese government's overall position on energy

- ◆ Domestically
 - ◆ establish a coordinating mechanism
 - ◆ build up resources-conserving society
 - ◆ enhance its energy supply capacity
- ◆ Internationally
 - ◆ maintain the energy market stability
 - ◆ promote sustainable development
 - ◆ enhance the mutually beneficial international cooperation

The eleventh five-year plan outlined the fundamental principles

- ◆ Firstly, broaden supply sources and reduce consumption, with top priority given to conservation
- ◆ Secondly, focus its domestic energy development
 - ✦ the characteristics of China`s resources
 - ✦ the responsibility to maintain energy market stability
- ◆ Thirdly, achieve an energy structure with
 - ✦ coal as the main part
 - ✦ electric power as the core
 - ✦ oil, gas and new energy sources developing simultaneously



- ◆ Fourthly, protect the environment

- ◆ Total emission of major pollutants reduced by 10% in next five years

- ◆ Fifthly, further international cooperation

- ◆ Continue to import oil and gas
- ◆ Carry out energy cooperation abroad jointly with foreign producers on win-win basis

III. China advocates for a new energy security concept

- ◆ China is prepared to work responsibly with the rest of the world to ensure global energy security
 - ✦ Mutually beneficial cooperation
 - ✦ Diversified forms of development
 - ✦ Common energy security through coordination

Strengthen dialogue and cooperation

- ◆ Strengthen policy coordination
- ◆ Improve mechanisms for monitoring and responding
- ◆ Step up on oil and natural gas exploitation
 - ✦ to increase supply
 - ✦ ensure globalized and diversified energy supply
- ◆ Realize general balance between supply and demand
 - ✦ to ensure stable and sustainable international energy supply
 - ✦ to ensure reasonable prices

A system for R&D and extend advanced energy technologies

- ◆ Strengthen R&D, energy-saving technology
- ◆ Build a future global energy supply system
 - ✦ to provide clean, safe, economical and reliable energies
- ◆ All countries share the benefits by
 - ✦ increase capital investment
 - ✦ enhance IPR protection
 - ✦ technology extension

Maintain a favorable political environment

- ◆ To ensure energy security
- ◆ To safeguard stability of energy-producing countries and regions
- ◆ To ensure security of energy channels
- ◆ To solve energy issues by dialogue and consultation

Outlooks

- ◆ OPEC is a major force in stabilizing the world oil market
- ◆ China is ready to enhance the cooperation with OPEC member states and other countries or regions in the world
- ◆ China is looking forward to moving into a new era of comprehensive, mutually beneficial and diversified international energy cooperation



THANK YOU