

## ***Session 2: Regional Players (I) – North East Asia***

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(L-R: Mr Kwa, Prof Zha, Dr Gwak and Prof Tang)

## **China's Energy Security**

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China's energy securities with regard to its security of supply and climate change issues are treated, by the national leaders, as first and foremost a national interest followed by the international community's. Although its energy security policies have been subjected to much external criticism, China does not feel that its current energy security is under any threat especially since the 1970s and this is due to four reasons according to Professor Zha.

First, after 30 years of re-entering the world economy, the pattern of economic interdependence between China and the rest of the world is unlikely to change. This means that the likelihood of any form of economic sanction on China similar to that which took effect after the Korean War is unlikely to happen again. And this is primarily due to the significance of China's position in the international system. Secondly, China does not pose a political threat in the arena of global energy security despite the prevalence of such perceptions. This is largely because China does not use its energy security concerns as part of its foreign policy instrument. China's change of status from a net importer to that of a net exporter has still not led to any change in its foreign policy. For instance, when China was a net oil exporter, it neither joined nor supported the Organisation of Petroleum Exporting Countries (OPEC). Thirdly, there is a knowledge gap with regard to China's role in the 1980s when the global oil prices collapsed. That was mainly due to a lack of research done either in the English or Chinese language. In fact, it was only in 2002 when energy security as an important research subject gained prominence in China. This knowledge gap has led to a lack of understanding of the role of market dynamics on world oil prices in the 1980s which would have allayed the perceptions of threats emanating from China. Fourth, a deeper understanding of the role and effect of international institutions and commodity investment banks on global energy security issues would have shown that these institutions rather than states such as China, have had a larger impact on world oil prices.

These factors as well as the states' reluctance to pursue domestic reforms to their energy security policies meant that more often than not, there is a tendency to blame China for the rising oil prices.

Professor Zha instead argued that, firstly, states should reform their energy security polices especially on the issue of pricing and consumption habits. Secondly, China and the other Southeast Asian states should consider limiting their dependence on the Straits of Malacca and Singapore in terms of the preferred route for tankers that transport crude oil. The shallow waters and the heavy traffic are not suitable for large tankers. Instead, there is a need to look into developing Lombok and Sunda as an alternative and thus it is necessary to engage Indonesia in such a dialogue. Thirdly, with regard to the oil-producing states in Africa, there is a need for China and Southeast Asian states to reduce their dependency on African countries in the long-run. In the future, as fewer African countries retain the ability to export oil, these very same states may end up politicising access to the upstream market. Finally, China is currently too

dependent on coal for its energy sources and is facing pressure from the international community on the back of its carbon and sulphuric emission. The challenge for China and the international community thus is to find a viable solution instead of rather than just mounting pressure. After all, what energy alternative can China resort to in place of coal?

In the final analysis however, China has to make a decision with regard to its position in an interdependent world. Should it really continue to be a 'club of one' or should it be more active as an international player? The puzzle and challenge thus is how does one frame such a dialogue?