

强权的沙皇



Interview Rien T. Segers

'We must gain first-hand knowledge about China'



China's is well on its way to becoming a major player in the global energy market. Unfortunately, China is also the most heavily polluted country in the world. 'Within ten years from now, China will be on our doorstep. In some areas it is already there! This is not necessarily a threat, but it does mean that we should get into gear and define our strategy in cooperation with the Chinese', says Professor Rien T. Segers from the Groningen University in the Netherlands.

| by *Annemiek Planting*

As a professor of Corporate Culture and executive director of the Centre for Japanese Studies in its Asian Context, Segers is surprised if not concerned about the West's oblivion to what is going on in Asia. 'It is vital that we gain first-hand knowledge about the developments in China within their cultural and economic context a.s.a.p.' Segers advocates assembling an independent research team of experts with business, political and scientific backgrounds. 'This team could examine the implications of developments in Asia for the European Union.' As a more or less personal onset to this, Segers wrote "Energy in China" together with co-authors Bert Bekker and Han Zhang. Mr Bekker, MA in Chemical Engineering, has worked in the EU-China Energy and Environment Programme (EEP) as EU Manager natural gas in Beijing; Ms Han Zhang was a market developer for the Chinese market with the Energy Delta Institute in the Netherlands.

Does the EU-China Energy and Environment Programme mean that the EU is becoming aware of the bearing China has on the EU?

'The EEP is an interesting, but still quite a small-scale initiative.

This five-year programme started in 2003 to strengthen EU-China cooperation in the area of energy. It focuses on sustainable energy use by securing supply at improved economic, social and environmental conditions. The total budget for the Programme is only 42.9 million euros, including the European Commission contribution of 20 million euros. However, collaboration is important for both the EU and China.'

What is in it for both parties?

'China realises that there is a lot to be learnt about energy supply regulations, environmental and health issues. It is on the threshold of a structural reform of the power industry and the development of an energy trading market altogether. Surprisingly, it has no "Ministry of Energy". Judging from recent reforms in their energy policy, however, the government seems to recognise the importance of a clear strategy. In this respect they are looking for cooperation with the European Union rather than with the USA or Russia. The complexity of the EU – where we are striving to form a uniform energy policy for 27 member states – appeals to the Chinese, because China is dealing with a multicultural society too. China is inhabited by



56 ethnic groups, each with their own languages, traditions and appearances. Furthermore they appreciate our tendency to work towards consensus rather than the confrontational US approach. But naturally the EU has its own motives for this cooperation: it is looking for a good relationship with such an important player in the world economy. Local collaboration and knowledge exchange with the Chinese also stimulates political and trade contacts. Needless to say, this creates unique opportunities for the EU. China has already issued sizeable, but minority shares in their three major oil and gas enterprises to Shell, Exxon-Mobil and BP. Other energy companies have also entered the Chinese market, but it will take some time before foreign parties can operate independently there. Energy prices are still determined by the government. In trying to keep inflation down, the currently high international oil prices are not fully reflected in the Chinese markets. However, China's accession to the World Trade Organisation in 2001 implies further commitments towards trade and investment liberalisation. The reforms will truly open up the Chinese economy to foreign firms. Local EU presence and involvement in China is important.'

Whether or not the EU is yet aware of the far-reaching implications of China's energy policy, the impact on the environment has certainly become a global concern. What does their energy mix consist of?

'By far the greatest part in the energy mix – no less than 65 percent – is coal. Roughly 23 percent of the energy mix is oil; natural gas contributes about 3 percent and the rest is accounted for by nuclear power, hydropower and other renewable energy sources. Coal is the Chinese gold, and it is not realistic to expect the Chinese to cut back on their coal usage in the near future. The government is actively establishing China's strategic reserves in various locations across the country. Nevertheless, they are keen on reducing the share of coal in exchange for cleaner and more renewable energy sources. After the first period of rapid economic growth, the government has come to acknowledge the problems of pollution and other environmental issues, along with the health hazards for the population. And of course further diversification of the energy mix will help to safeguard energy supplies in the future, making China less dependent on one energy source or supplier. The break-neck speed at which the Chinese economy has been growing since "opening up" to foreign companies and investors in the late 1970s has forced China into importing oil since 1993. The same is happening for natural gas. As an important tool to reduce air pollution, an increase from 3 to 10 percent in natural gas consumption will have to provide a secure basis for China's further economic growth. The government wants to increase

domestic production besides importing pipeline gas from Russia or LNG from Iran and Qatar. However, the current sky-high prices for natural gas may force the government into subsidising gas-fired power-generation as an alternative to coal. In order to change this situation, the monopolies of state-owned enterprises in energy production, transmission and distribution will have to be dealt with.'

To what extent is the booming economy in China a drain on global energy resources?

'China is a massive energy consumer – the second largest after the USA – but at the same time it is a large producer. The outside perception, however, only emphasises the consumer side. The country produces 175 million tons of oil per annum, which makes it the fifth biggest oil producer. In addition, China provides 56 percent of the world's demand for coke. In 2004, the country imported a mere 6 percent of their energy demand, whereas the USA relied on imported capacity for 50 percent. So the generally established Western view that China is the major cause of the price hikes in the energy sector does not quite correspond with the facts. Moreover, the government goes to great lengths to meet the developing industries' energy requirements at home: in 2005 China installed 65 GW in power generating capacity. This equals the total installed power capacity of the UK! In 2006 they managed to install 105 GW, which almost amounts to the total installed power capacity of Germany. Considering these facts, China's sensitivity towards foreign criticism on its energy consumption is understandable.'

What should be the strategy of the EU?

'If we want to be successful in doing business with China, as well as competing with this enormous nation, a deeper understanding of China, its energy situation and strategy is indispensable. We also need to know what the Chinese government's own perception of the energy situation is. I have said this before: we should install an expert team of politicians, scientists and business people. We should develop a EU strategy to turn the imminent Chinese threat into an opportunity. Existing publications on energy in China are limited; in those that do exist, the Chinese energy situation is regarded from a statistical point of view, sometimes combined with political-economic analyses. I believe we have to examine developments in the Chinese energy situation from a broader perspective of cultural and political changes. Our book "Energy in China" is a compact introduction to China and its current energy situation. The government still hangs on to certain Communist values mainly to validate its own position, but in fact China is developing towards nationalism with strong capitalist traits. For the EU, becoming and staying an active player in this powerful country is crucial for its future.' ■