



# ASEAN-CHINA ENERGY SECURITY COOPERATION: HOW CAN OBOR PROMOTE THE DEVELOPMENT IN ASEAN COUNTRIES

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# Global Forum on Energy Security



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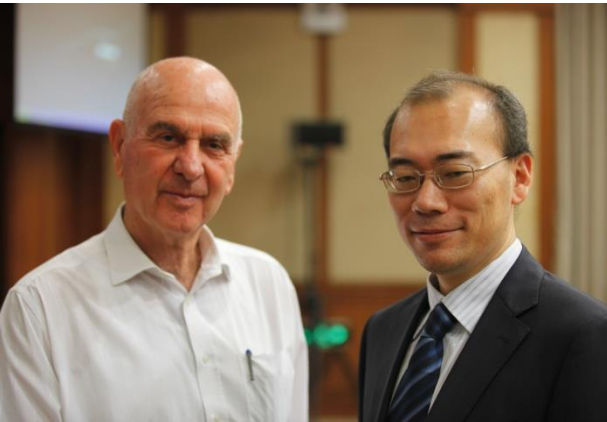
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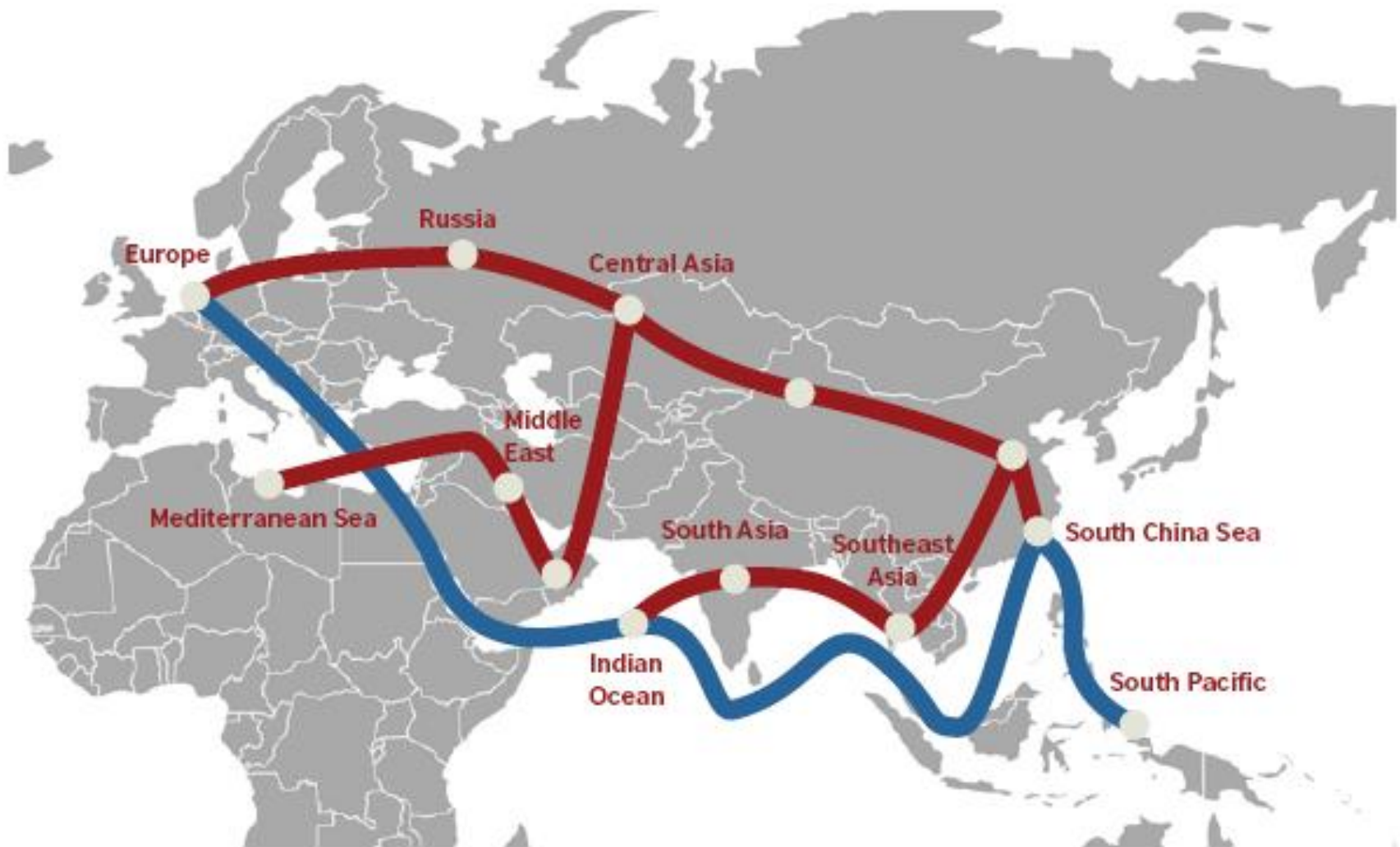
# Global Forum on Energy Security



# What is One Belt One Road?

- “One Belt One Road” (OBOR) is an initiative, which was launched by President Xi Jinping in 2013, to focus on improving and creating new trading routes, links and business opportunities with China, passing through over 60 countries along the way, across Asia, Europe, the Middle East and Africa.

# One Belt One Road: Century Plan



*The blue route is the "21st Century Maritime Silk Road", and the red routes are the "Silk Road Economic Belt"*

# Main target of OBOR

- Energy supply and common security.
- Reliable raw material import.
- Bigger market for Chinese product.
- Common strategic security based on shared economic benefit with neighbor countries.

# What can ASEAN get from OBOR?

- Mega projects?
- Transportation connectivity?
- Mutual investment, especially from China?
- Energy connectivity?
- Trade Facilitation?
- Financing?



# 亚洲基础设施投资银行

## Asian Infrastructure Investment Bank



# However, the Unchanging is Changing: China's economy is slowing down

- In the past, OBOR is for import more energy and raw material to China.
- Now, the capacities of power generation and crude oil refinery are over-supply.
- In the past, China has been the world factory for more than 20 years.
- Now, China has become the largest consumer market of the world.

# 2015年6000千瓦及以上电厂发电设备平均利用小时

单位：小时

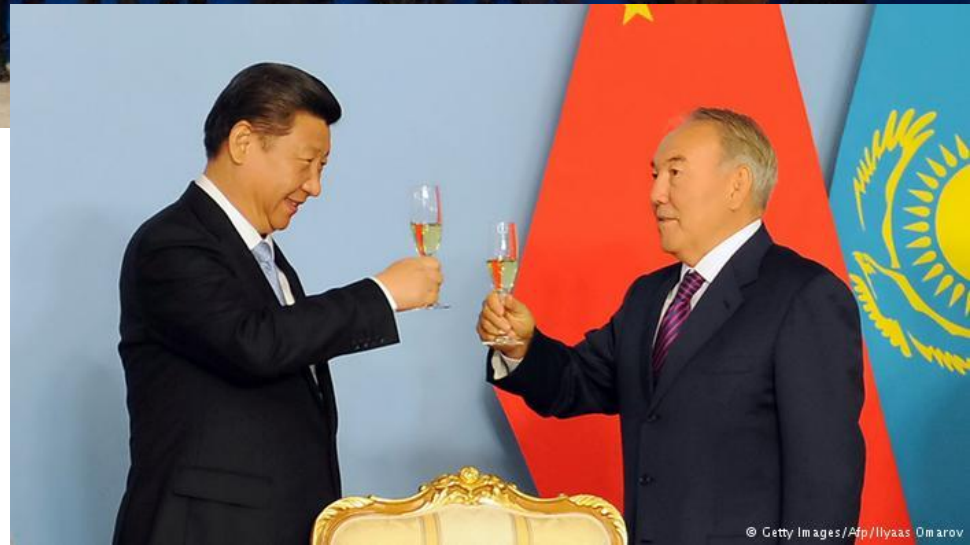
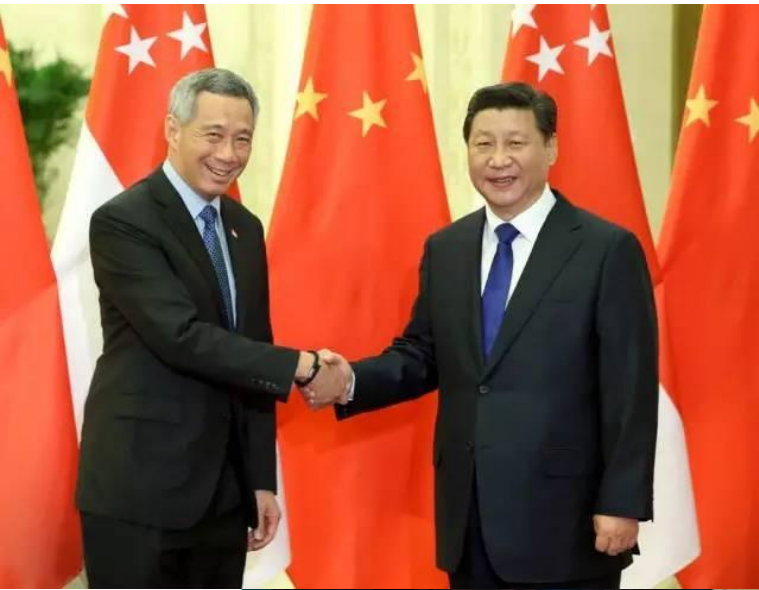
| 地 区 | 总计   | 其 中  |      |      |      |
|-----|------|------|------|------|------|
|     |      | 水电   | 火电   | 核电   | 风电   |
| 全 国 | 3969 | 3621 | 4329 | 7350 | 1728 |

# 2015年6000千瓦及以上电厂发电设备平均利用小时同比增减情况

单位：小时

| 地 区 | 总计   | 其 中 |      |      |      |
|-----|------|-----|------|------|------|
|     |      | 水电  | 火电   | 核电   | 风电   |
| 全 国 | -349 | -48 | -410 | -437 | -172 |

Luckily, China still has much money, and willingness to invest for common benefit



- **We should not only follow Chinese experience, but should also avoid the same lessons.**

# Besides the performances of China's economy, there are still lessons behind the glory.

- Infrastructure is an experience, while concentration leave most rural areas an enlarging gap with the population.



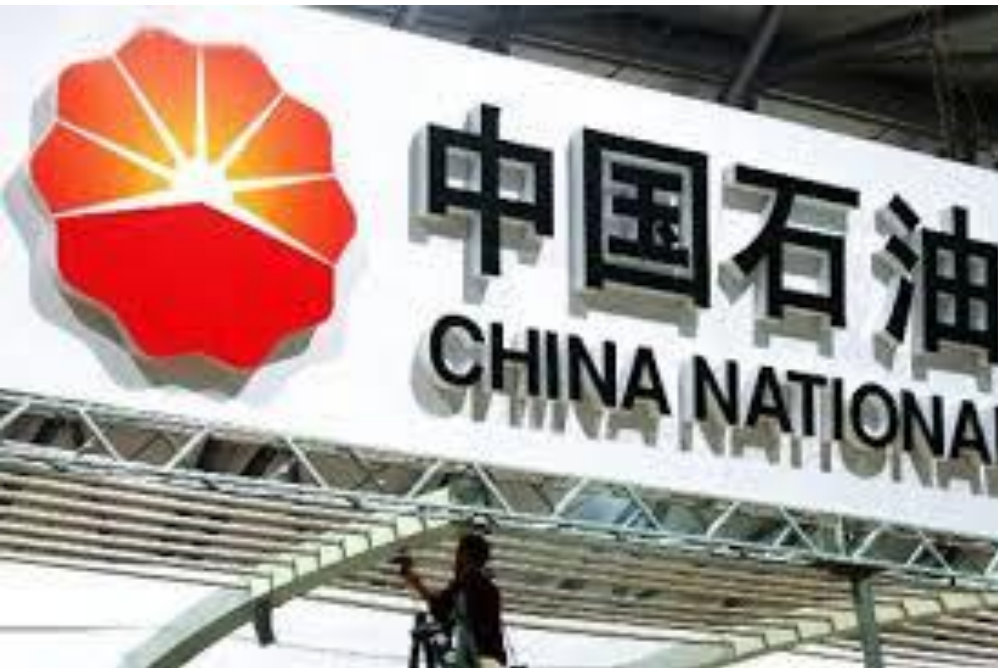
- Fast industrialization is a performance, while pollution is not necessary the cost.



**Urbanization is sometimes a performance, but  
high pressure is not unavoidable**



**Energy access is necessary and the base of development, however we need low cost and less monopoly**



# Common development is the ideal perspective of China and ASEAN

- OBOR although is launched by China, it can be a common movement of development.
- It should not be an economic aid from China for developing countries along the routes, it can be an opportunity to promote domestic development.
- Otherwise, a large sum of investment from China will be a risk of perturbation in macro-and-microeconomy, and society. It would distort the allocation of economic resources.

**So, we need learn from the lessons, and make a better development, as OBOR Initiative is willing to provide the chance and the capital**

- We can create a bigger, more participating and more open Asian energy market, including crude oil, natural gas, coal, and electricity.
- We can create more clean energy access with lower cost for less-developed areas and population, especially for those in remote areas.
- We can develop smarter city and smarter energy system, transportation system, and industrial ecosystem with having high efficiency.

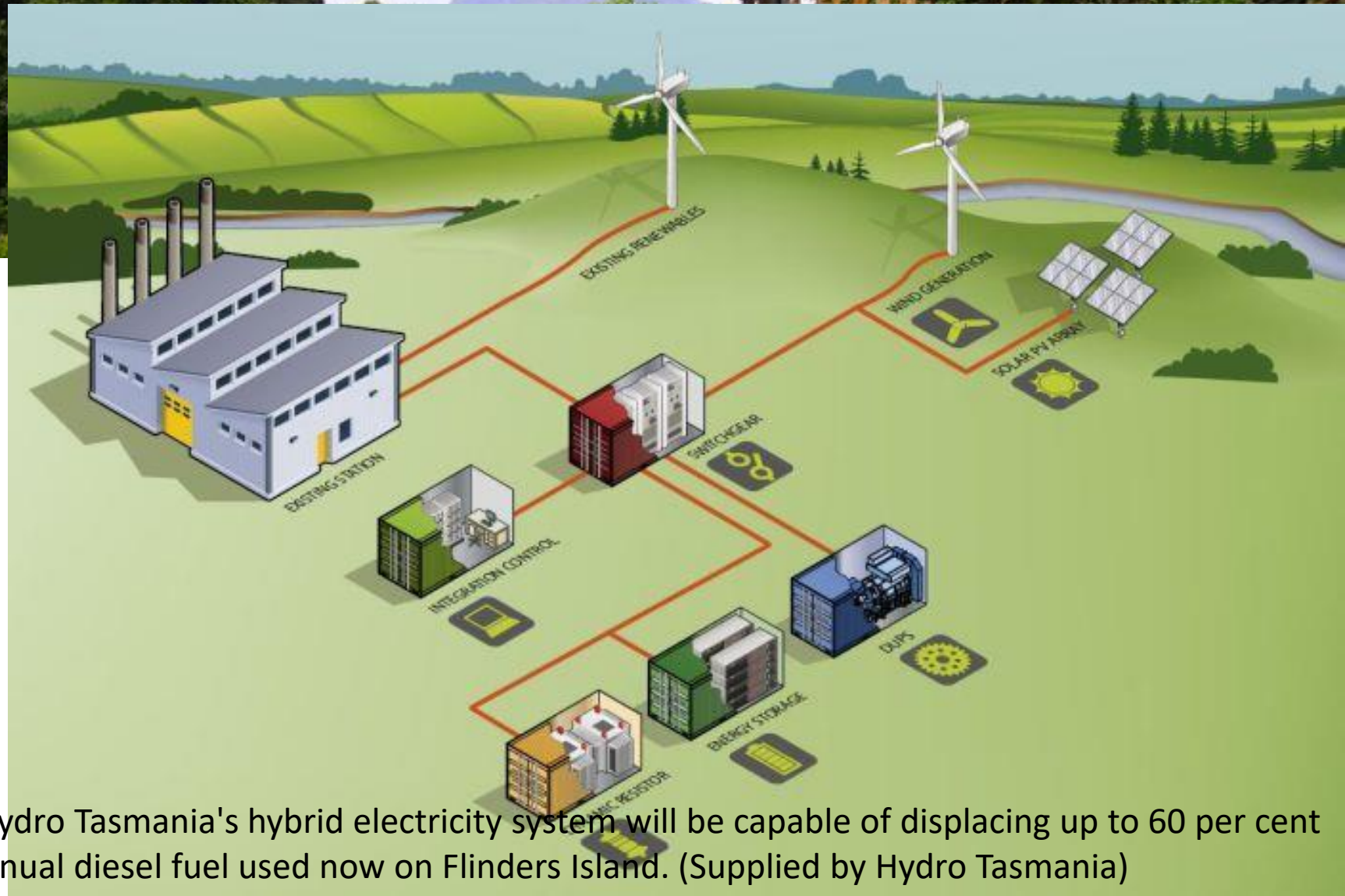
- We can have more connection and integration in financial system, especially on settling and RMB's regionalization.
- Also, we can promote the common market in the region through FTA between China and ASEAN, to enjoy a larger market covering 1.5 billion people.

# Suggested projects for China-ASEAN Cooperation

- Oil & gas hub and pricing center for East and Southeast Asia.
- Trade and investment facilitation, such as customs data sharing.
- Financial cooperation, such as the pilot project of settlement by RMB in commodity trade.

- As China's surplus of power generation capacity, it is possible that South China Grid can export more electricity to north Sino-Indo Peninsula countries, including Viet Nam, Laos, Myanmar, and north Thailand. These areas can use loans from AIIB to improve its local energy accessibility.

- As maritime transportation between China and ASEAN is good enough, Pan-Asian high-speed railway projects which requires colossal investment and long construction span are not urgent, the saved money can be used for better community development, such as sanitary, water, and renewable energy system in rural and remote areas.



**Photo:** Hydro Tasmania's hybrid electricity system will be capable of displacing up to 60 per cent of the annual diesel fuel used now on Flinders Island. (Supplied by Hydro Tasmania)

- These will give more choice to private companies of China and ASEAN countries, will encourage more technological innovation, and will reduce monopoly and raise social welfare for each country.

- THANKS FOR YOUR ATTENTION!



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