

CHAPTER 1

INTRODUCTION

1.1 Significance of Issue

The Concept of Energy Security

In the post-cold war era, the concept of security has been broadening continuously. This raises a distinction between 'traditional' and 'new' security, or the so-called 'non-traditional security'. Whereas, traditional security primarily focuses on military dimension, non-traditional security issues involve more dimensions including military, political, economic, societal and environmental issues.

Meaning of the term 'energy security' has evolved greatly. It involves how to stable energy supply with reasonable cost in an environmentally manner. Energy security is a broad issue and not just economic problem. The concept of energy security can be defined in broad term which includes physical, economic and environmental aspects of energy supply. As noted in an UNCTAD report: "...energy is one of the most important drivers of economic development and is a key determinant for the quality of our daily lives ... it is probably the biggest business in the world economy, with a turnover of at least \$1.7 -2 trillion a year ... global investment in energy between 1990 and 2020 will total some \$30 trillion at 1992 prices."

There have been growing awareness and concerns nationally, regionally and internationally, about global energy because it is the vital ingredient in the world economy. Human activities leading to economic development around the world means global demand for oil and gas will continue growing in the near term. As a result the world must find and develop more reliable supplies of oil and gas at the prices that permit sustain economic growth. In the global level, energy security is a common interest for international community which needs the cooperation among

states as well as international organizations in dealing with world energy resources. In a state level, a good policy is needed for meeting the challenge of energy problems.

It is clear that energy security issues are critical for the countries worldwide, especially for those that have growing demand but have limited domestic natural resources due to its geographical location or any other reasons. Consequently, energy security issues relate to state's national security as well as national interests.

It can be said that energy security is the two side of a coin. In one side, energy security is a key global challenge -one which will require global perspectives, global thinking, global solutions, in another word, it can bring countries together in a form of mutual cooperation. However, on the other side, it can affect the relations among states by creating misunderstanding or mistrust between states due to the conflict of their national interests.

In short, energy security can be defined as the following concerns and fears:

- Oil and other fossil fuel depletion (peak oil, etc)
- Reliance on foreign sources of energy
- Geopolitics (such as supporting dictatorships, rising terrorism, "stability" of nations that supply energy)
- Energy needs of poorer countries, and demands from advancing developing countries such as China and India
- Economic efficiency versus population growth debate
- Environmental issues, in particular climate change
- Renewable and other alternative energy sources

Energy Security in China

China's two decades of rapid economic growth have fueled a demand for energy that has outstripped domestic sources of supply. China became a net oil importer in 1993, and the country's dependence on energy imports is expected to continue to grow over the next 20 years, when it is likely to import some 60 percent of its oil and at least 30 percent of its natural gas. China thus has to abandon its traditional goal of energy self-sufficiency and look abroad for resources. It can be said that China's energy security activities are a response to the country's growing need for foreign sources of energy. China's recent shift from a net oil exporter to a net oil importer is a matter of great concern to the Chinese leadership, who regard oil imports as a strategic vulnerability that could be exploited by foreign powers.

China has become part of the "new game" redefining the world oil industry. China is second only to the United States in consumption of oil and electric power, and its coal industry leads the world in annual output. But with growth in domestic crude oil production questionable, China's expanding economy requires more and more foreign oil. World oil prices, of course, are at historically high levels and, barring unforeseen circumstances, are expected to hold there for some time. China, therefore, is now struggling to find the right combination of market incentives, conservation policies, pollution abatement efforts, and energy supply diversification to guarantee adequate energy supplies, which protecting the country's national security and controlling its reliance on oil imports.

1.2 Scope of Study

The scope of this research is to study China's energy situation in terms of her energy's demand and supply as well as her concern in energy security which can be seen as the most prevalent issue. In order to examine China's need for energy resources from overseas, the research will focus on China energy activities during the last 5 years both in public sector and private sector. Although energy takes place in many forms, this research focuses only natural gas, oil and coal which are the major forms of energy needed.

1.3 Objectives

- To study China's energy situation and her concern about energy security in terms of her energy demand and supply
- To explain China's energy activities during the last 5 years as well as China's need for energy resources from abroad and examine her role in trying to serve her energy demand
- To understand the importance of energy security in China

1.4 Research Questions

1. What is energy security in a context of non-traditional security issue threatening to global community and national security?
2. Why do states pay attention to energy security issues?
3. What are China's energy situation and her activities in order to serve her energy demand?
4. What are China's activities regarding energy demand and supply during the last 5 years?

1.5 Hypothesis

China's economic growing is an importance factor that accelerates China's growing energy demand. Significantly, her energy craving in the 21st century and energy security activities require foreign sources of energy which can be seen from her activities regarding energy in the past 5 years.

1.6 Conceptual Framework

In the analysis of China's growing energy demand and the implications of energy security, the realist approach can be applied as a theoretical framework.

Realism

Realism is a major approach in studying international relations. Realist's view of the world, or paradigm, is defined by the following assumptions: the international system is anarchic and consists of independent political units called sovereign states; states are the primary actors and inherently possess some offensive military capability of power which makes them potentially dangerous to each other; states can never be sure about the intentions of other states; the basic motive driving states is to seek power in order to survival, in another word, the primary goal of states is to serve their national interest in survival and maintenance their sovereignty; states also are instrumentally rational and think strategically about how to survive.

Realist approach can be applied to analyze what Chinese government done to serve its national interest. Because energy is one of the important factors as driving force to economic growth and economic prosperity is one of state's role providing to its citizen, energy issues strongly relates to national interests and national security too. Chinese government can be seen as rational. Energy is one kind of power that relates to state's survival.

International Political Economy

Another approach which can be theoretical framework in analyzing this issue is international political economy. This method of analysis concerns the social, political, and economic arrangements affecting global systems of production, exchange and distribution, and the mix of values reflected therein. As an analytical method, political economy is based on the assumption that what occurs in the economy reflects, and affects, social power relations.

The rising China because of its rapid economic growth affects global systems of production, exchange and distribution, and the mix of values reflected therein. Because of many factors, China becomes the center of production for much kind of goods. In this regard, it needs the energy to fulfill its requirement. China's seeking natural resources outside country can lead to the changing in relations with other states. Also, this leads to economy reflects and affects social power relations.

1.7 Methodology

1. Primary Source: Statement by Chinese Prime Minister, energy ministries and affiliated national corporations, State Science and Technology Commission (SSTC) and the State Economic and Trade Commission (SETC), the organizations that are involved with energy industry development, China's energy policy and News Report from newspapers and internet.
2. Secondary Source: Articles from textbook, research studies, magazines, and periodical issues.