



## **The Worshipful Company of Fuellers' 11<sup>th</sup> Energy Lecture (Inaugurated by Lord Ezra MBE)**

**Monday 21<sup>st</sup> September 2015 at Drapers' Hall, Throgmorton Street, London EC2N 2AN**

**Speaker: Minister Counsellor Mr Jin Xu**  
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### **China's Energy Policy & Programmes and Chinese aspirations to take part in the forward energy programme in the UK**

Ladies and gentlemen, distinguished guests, good evening!

I am so pleased to be with you here in this great event.

Tonight, upon the invitation of the Fullers, I would like to share with you about China's energy policy and its blueprint, besides, China's intention to participate in UK's energy development blueprint. As the Commercial Minister-Counsellor of Chinese Embassy, I would like to give a simple introduction of the energy policy of China. Besides, I am looking forward to participating in the discussion with all of you on the cooperation on energy field between UK and China.

#### **Energy Policy of China**

Only in recent years did China initiate the policy which draws attentions. During my youth time, which was in 1950s and 60s, China's economy had never enjoyed rapid development as it does today, and the energy consumption was significantly lesser than today's massive

scale, therefore, by that time, the so called energy problem had never emerged. However, in recent decades, China, a developing country with fast growing economy and a enormous population, its energy policy starts to draw concerns from international community. Meanwhile, China attaches importance to the policy making and the executing.

China's energy policy has a comprehensive system which covers many laws, and regulations. Today, I would like to focus on China's White Paper on Energy. The white paper was enacted in the end of 2012; it can be recognized as the major guide of China's current energy policy. In the paper, the existing problems of China's energy policy is well presented initially: the natural shortage energy resources, the low per capita occupying amount of coal, fossil oil and natural gas; the overrated increase of aggregate energy consumption; the increasing pressure on guarantee energy supply, to name a few. These problems caused by the following reasons: the current international energy market structure; the status of China's productive forces and its current developing situation; the improper industry and energy structure; the extensive way of energy usage; the unparalleled systematic reforms. Therefore, at present, by striving for pushing the reforms on energy producing and utilizing, keeping amending the policies, China is pursuing the sustainable coordinated economic, social and ecological development. In the paper, there are polices regarding pushing the reforms on energy producing and utilizing to establish a modernized, safe, stable, economical and clean energy industry system, which is aimed for supporting the sustainable economic and social development via the sustainable development of the energy. Meanwhile, the paper also indicates that maintaining the sustainable energy utilizing is a significant strategic mission of China's government. China has to choose the correct way its energy development which is high-tech, low consumption, lesser pollution, excellent economic performance and safe. China is pursuing a safe, clean and economical development.

Since 2012, suffering from the financial crisis and the recession, China's economy's three-decade long two digital increasing rate discontinued and faces a slower increase. Confronted with the new situation and the new tasks from the economy, in November, 2014, on the APEC CEO summit, President Xi Jinping declared that China's economy had entered the new normal, which gave vast and deep influences to China's economic and

social development. Energy, as the fundamental industry of the economic and social development which currently facing the challenges from the new normal, requests greater, vaster and deeper systematic reforms. China's current energy policy focuses on changing, upgrading and cooperating. This extends the not only Chinese government's clear understanding on proper energy policy and development route but also indicates that China's new normal needs the matched energy policy.

### **Cooperation on Energy between UK and China**

First, UK and China shares the sound foundation of cooperation.

In recent years, regarding the energy industry, UK and China enjoy frequent cooperation in many fields. In 2009, SINOCEM GROUP (Hong Kong) acquired the UK company Emerald Energy with 532 million pounds; in 2011, Petro China international (UK) acquired two oil refinery plants in UK and France with 1 billion USD; in 2012, China National Offshore Oil Corporation acquired the oil & gas capital of Tullow Oil PLC with 1 billion USD, to name a few. During China's Premier Li Keqiang's visit to UK, the UK and China government declared together that energy is the crucial foundation of the cooperation and also both UK and China are in favor of cooperation in the civil nuclear power fields, besides, China National Offshore Oil Corporation and the BP Group UK

Second, Multiple achievements on new energy cooperation

Besides those projects mentioned above, there are remarkable achievements on new energy cooperation:

(1) During the visit of China's Premier Li Keqiang to UK, the Memorandum of Understanding of cooperation on offshore power between UK and China. UK owns vast shallow sea and rich offshore reserves and ranks NO.1 in terms of offshore turbine machines, as well as the biggest offshore power plant undertaking. According to the prediction, by 2020, the estimated net export value of UK's offshore power will see an increase amount to 7-15 billion pounds, and the increase of the industrial added value will reach 7 billion pounds. In the coming decades, the offshore power is highly potential to become a leading strategic industry which brings UK a prosperous export and relevant supply chain industries. China is

willing to enhance the pragmatic cooperation with UK in offshore power and enlarge the cooperation scope in energy field.

(2) Hinkley Point C nuclear power plant.

This nuclear power plant is the first one in recent two decades and its budget amounts to 14 billion pounds. The project is under the cooperation between France and China. The EDF from France is the leading party while CGN and CNNC from China are planning to take 30%-40% shares and 10% with French Areva Group. It is agreed that China and France will respectively operate for a 35-year period after the completion. I have personally visited the project site and listened to the introduction. With the visit, I think the project changed our view regarding the traditional nuclear power plant. This project is constructed under the faith of ecological friendly and sustainable development, which means to preserve the environment and the ecology while utilizing the new energy. I believe the project's completion is significant to both UK and China in a highly pragmatic way and we shall join hands to push the project to grow.

(3) The tidal energy project of China Harbor Engineering Company Limited.

On June 3rd, the CHEC won the bidding of infrastructure of the artificial lagoon nuclear power station in Swansea Bay of UK, of which worthy 300 million pounds (460 million USD). The prime minister of UK, Mr. Cameron indicated on the same day that the tidal energy is of "enormous potential" and China's investment is a "win-win" to both China and UK. This station is located in Swansea Bay in south of Wales. The investment amounts to 1 billion pounds. As long as the project completed, the power generated by the station could be used by 155,000 UK families for 120 years. This is the first ever artificial lagoon tidal power project. The CHEC is in charge of building the dam which is planned to officially start in the coming spring. At present, the CHEC has already set up its subsidiary company in UK and also finished its ten-year blue print of infrastructure investment in UK. Moreover, the CHEC signed a MOU with the UK Tidal Lagoon Power which declares that they will join hands to develop a series of tidal and lagoon power projects in Asia, especially in the regions near China's coastline.

I mentioned a lot of good examples above, some of them are energy projects with China's direct investment, and some of them are UK's energy projects with China's participating. I believe the cooperation between UK and China in energy field is in rich forms and deep levels, the achievements are good results from the guide of China's energy policy on initiating international cooperation. With these achievements, China and UK could have complementary advantages and enjoy the mutual benefits.

I am looking forward to the vaster and deeper cooperation between UK and China in energy field.

Thank you so much. And now, I am willing to answer your questions.



Minister Counsellor Mr Jin Xu pictured [R] during the Q&A session with Master Neville Chamberlain [C] and James Douglass of King & Wood Malleson [L].