

# Energy burst

*Asia Pacific's share of global energy consumption has nearly doubled in the past 25 years, rising from 16 percent in 1980 to 30 percent in 2003. Leading the growth charge is China, now the second largest energy-consuming nation in the world behind the United States. In 2003 China accounted for 38 percent of consumption within the Asia Pacific region.*

The Asia Pacific region exerts a huge impact on global energy prices. It consumes almost one-third of the world's petroleum – most of that coming from the Middle East.

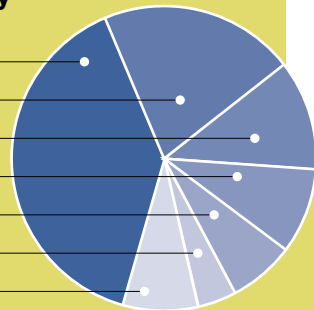
How is the region handling the record US\$70-per barrel oil prices? The evidence suggests a limited effect on GDP growth, but some feed-through into higher inflation. Standard and Poor's notes that many governments around Asia subsidise fuel – the rating agency believes these countries will confront the highest risks to their fiscal and trade balances if prices stay high.

China's position is less risky than that of its neighbours, for three main reasons. First, although petroleum imports have risen sharply since the 1990s, the country still produces half of its oil domestically. Second, China generates only a small amount of its electricity from either oil or gas. Over 80 percent of the country's power comes from hydro and coal-fired plants. Third, while the government administers fuel prices on a monthly basis, it allows movement in line with global markets, meaning that any market distortions tend to be short-lived.

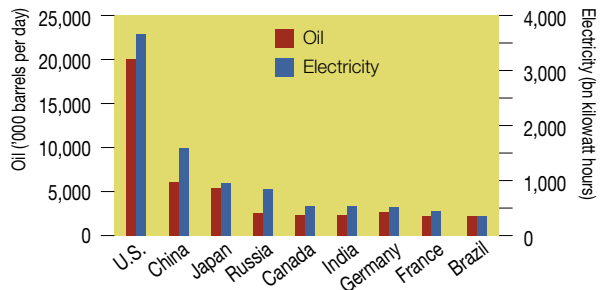
High oil prices have yet to kill off China's economic growth, but they may cause some serious pain for its trading partners, eventually weakening external demand.

### Asia Pacific electricity consumption

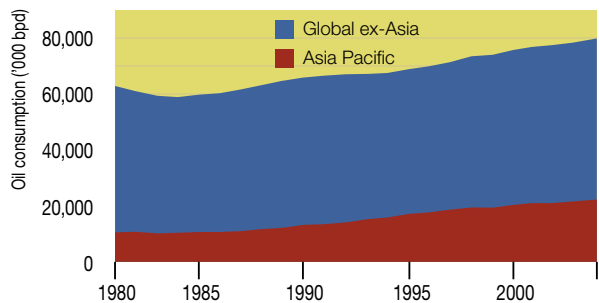
China .....	37.9%
Japan .....	21.5%
India .....	11.8%
Southeast Asia .....	9.2%
South Korea .....	6.9%
Australia .....	4.6%
Other .....	8.1%



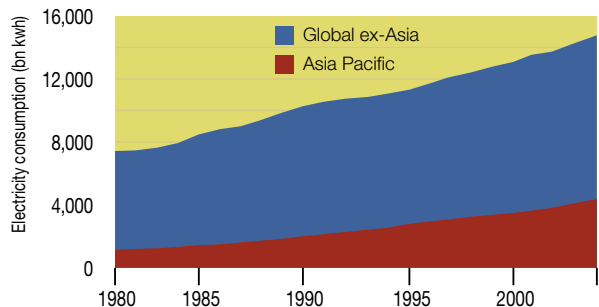
### Comparative energy consumption



### Global oil consumption



### Global electricity consumption



China surpassed Japan as the largest energy consumer in Asia in 1995. Greater China, incorporating Hong Kong, Macau and Taiwan, consumed a total 1,866 billion KWh of electricity in 2003 – equivalent to 44.4 percent of the regional total.

Source: US Department of Energy