“the Belt and Road”: Oil and Gas Cooperation Basics

CNPC Delegation
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On September 7, 2013, Xi put forward the idea of build “Silk Road Economic Belt” in the speech at Kazakhstan Nazarbayev University.

On October 8, 2013, Xi visited Indonesia: China is willing to strengthen maritime cooperation with ASEAN, making good use of fund to develop marine partnership to build the "21st century Maritime Silk Road".
The Silt Road Economic Belt
- Linking China with Europe through Central Asia, Russia (the Baltic)
- Linking China with the Persian Gulf and the Mediterranean Sea through Central Asia and West Asia
- Connecting China with Southeast Asia, South Asia and the Indian Ocean

The 21st Century Maritime Silk Road
- Extending from China‘s coast to Europe through the South China Sea and the Indian Ocean
- Extending from China‘s coast through the South China Sea to the South Pacific

B&R involves 68+ counties with a population of 4.4 billion in 2016, accounting for 63% of the world total, and the economic aggregate of USD21 trillion, accounting for 30% of the world total.
3 Principles & 5 Priorities

- **3 Principles**: 共商、共建、共享（Jointly Discussing, Co-Construction, and Sharing）
- **5 Priorities**: “五通”，即政策沟通、设施联通、贸易畅通、资金融通、民心相通

Countries along the Belt and Road have their own resource advantages and their economies are mutually complementary. Therefore, there is a great potential and space for cooperation. They should promote policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people bonds.
First, we should build the Belt and Road into a road for **peace**.

Second, we should build the Belt and Road into a road for **prosperity**.

Third, we should build the Belt and Road into a road of **opening up**.

Forth, we should build the Belt and Road into a road of **innovation**.

Fifth, we should build the Belt and Road into a road connecting different **civilizations**.
CNPC’s Involvement on Belt & Road Region
In 38 countries, CNPC manages or operates 95 oil and gas cooperation projects, including 20 countries and 52 projects in B&R area.
1. Basics

Basically complete construction of 4 major oil and gas channels, marking the milestone projects in B&R initiative.

Four major cross-border strategic oil and gas pipelines of China-Kazakhstan, China-Central Asia, China-Russia and China-Myanmar are basically in shape. Overseas oil and gas transmission pipelines and cross-border pipelines total more than 15,000km, with the annual throughput over 100m tons of oil and gas equivalent, providing solid support to China’s energy security.
Construction of “Three Major” international oil and gas operation centers is under steady progress.

- International oil and gas operation centers integrating trading, processing and storing are built in Asia Pacific, Europe and America, enhancing CNPC’s right to learn the truth and to speak.
- The Asia Pacific Operation Center, in particular, based on Singapore, plays a key role in the B&R energy cooperation.
2. Case of Important Projects

1. China-Central Asia natural gas cooperation projects

- China-Central Asia natural gas cooperation projects mainly include Amu Darya River natural gas field exploration, development, production and operation in Turkmenistan, China-Central Asia natural gas pipeline A/B/C/D cross-border gas transmission pipeline construction and operation and corresponding natural gas importing and trading etc.

- It is an extra large oil and gas cooperation project integrating upstream and downstream sectors, and also the largest whole business chain investment project of central state-owned enterprises in Central Asia.

- By the end of 2017, near USD18b has been invested by CNPC and the accumulated trade/transport volume of natural gas was more than 200b CM.
Managing and mitigating risks is the key issue

- Geopolitics issues
- Government Stability
- Safety and Security
- Policy and exchange rate fluctuation
- Culture Conflict
- Black Swan
3. For the future: Basic Principles

- **Giving play to advantages:** Bring into play CNPC’s advantages in integration and culture and establish an efficient worldwide linkage mechanism of cooperation.

- **Mutual benefit and win-win cooperation, openness and inclusiveness:** While pursuing CNPC’s benefits, give consideration to reasonable concerns of resource countries and partners, maintain the common benefits of all partners and seek for common development.

- **Market-based operation and compliant business operation:** Operate following market rules and international practices, follow the road of international and localized operation and build the image of a high-profile international energy player.

- **Innovation drive and sustainable development:** Spare no efforts in driving innovations in technology, system and management, constantly improve service competitiveness and level of international operation, keep CNPC’s sharp edge and follow the robust development road.
Thanks!