

Construct an Open International Oil Trading Platform and Improve An Effective Energy Market System

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The market's decisive role in allocating resources requires us to construct a sound, efficient, modernized and internationalized energy market system as well as to safeguard the national economic interests and energy security, promote economic restructuring and upgrading, and improve corporate risk management and international competitiveness through market means.

Changes in the world energy patterns make Asia-Pacific region a new important market.

Nowadays, demand-supply equilibrium and trade patterns of international energy market are experiencing profound changes. While the energy self-supply capacity of the U.S is increasing and the energy consumption growth of the European countries is slowing down, the energy consumption in the Asia-Pacific region represented by China is rising continuously. This is fundamentally changing the world's energy demand-supply equilibrium and trade patterns, leading an eastward shifting of energy consumption market.

Under this circumstance, the lack of a regional price benchmark that can efficiently and accurately reflect the regional demand and supply of crude oil makes it more necessary to establish a pricing center for the Asia-Pacific region, the third 8-hour time zone, and thus to form a 24-hour consecutive risk hedging mechanism and ensure steady and healthy economic development in the Asia-Pacific region.

The establishment of a comprehensive and effective international energy

market system promotes the sustainable development of the related industries and enterprises.

To establish a comprehensive market system means China is transforming not only from a world manufacturing center to a resource allocation center, but also from a market participant to a rule maker and regulator.

The launch of China's crude oil futures will facilitate the related enterprises to make full use of the futures as a risk management tool, and provide a powerful price discovery and hedging tool for the Asia-Pacific countries to optimally allocate energy resources and participate in the international competition.

The international trading platform of crude oil futures supported by the China (Shanghai) Pilot Free Trade Zone promotes market-oriented reform and opening-up of China's energy market.

Shanghai International Energy Exchange (INE) is promoting to list crude oil futures in the near future. The launch of INE will facilitate the establishment of a multi-level and diversified global market participation system, to which overseas investors, oil companies and financial institutions are broadly introduced. Through such innovations as market access, operation supervision and internationalized rules, we will build up a rule and regulation system that optimizes the allocation of resources, so as to promote RMB internationalization, financial market opening-up and other crucial reformation, and to make a significant contribution to the marketization and internationalization of China's energy economy.