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## China SignPost™ “Greatest Hits” #1: Energy & Transportation

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To conclude 2013 on a high note, we are publishing six category-based compilations, each containing five of the China SignPost™ research pieces that we believe to have been the “greatest hits” in their respective areas.

The first category focuses on energy; primarily oil, natural gas, coal, and the transportation sector. Natural gas has been an important focus for us since China SignPost™’s inception in 2010. Since then, each winter has been marked by serious gas shortages, and it appears that the present season is likely to bring the most severe shortages yet. Given that China’s domestic gas fields are already pumping all out and that the ability to expand pipeline gas imports is very limited in the near-term, that leaves one option to help mitigate the supply side of the shortfall: more LNG. Accordingly, we expect China’s monthly LNG imports to hit record levels this winter.

Gabe Collins and Andrew Erickson, “[China Natural Gas Shortage Poised to Drive Record LNG Imports](#),” China SignPost™ (洞察中国) 72 (9 December 2013).

Natural gas demand is far from the only growth story in China’s energy sector. Passenger car sales have also been very robust through 2013. To help our readers conceptualize what increased car sales mean for gasoline and crude oil demand on a local level, we conducted a detailed analysis of the private car fleets in 36 Chinese cities spread around the country. We then combined this data with information on the typical distance Chinese drivers cover annually in a representative set of cities and developed estimates of daily gasoline demand in the 36 cities, many of which are among China’s largest gasoline markets.

Gabe Collins and Andrew Erickson, “[Counting Cars: Rising Private Automobile Ownership in Chinese Cities Paves Road for Gasoline Demand](#),” China SignPost™ (洞察中国) 71 (24 June 2013).

Many of China’s inland cities—particularly in the Southern and Central regions—are not only key passenger car markets but are also emerging as important areas in which coal

and natural gas will increasingly compete with one another. This competition will foreshadow how the coal-gas competition dynamic unfolds across other parts of China.

Gabe Collins and Andrew Erickson, "[Central and Southwest China: The Key Battleground for Shale Gas and New Low-Cost Coal Supplies from Xinjiang, Mongolia, and Wyoming](#)," China SignPost™ (洞察中国) 67 (28 September 2012).

Xinjiang's vast energy reserves will play a key role in helping to determine how the coal vs. gas competition evolves. The region has the geological potential to become one of the largest producers of thermal coal worldwide and to reshape markets for coal, natural gas, and crude oil as its thermal coal output grows rapidly in coming years.

Gabe Collins and Andrew Erickson, "[Xinjiang Poised to Become China's Largest Coal Producer: Will Move Global Coal, Natural Gas, and Crude Oil Markets](#)," China SignPost™ (洞察中国) 65 (20 September 2012).

Xinjiang's growing importance in China's energy supply picture highlights another emerging reality—Western China will be an important transit area for oil and natural gas imports from Central Asia and Russia, but these imports will, for the foreseeable future, not be able to meaningfully offset China's rising dependence on imported crude oil and natural gas.

Gabe Collins and Andrew Erickson, "[Twilight in the Tundra: Russian and Kazakh Oil Production Cannot Keep up with China's Rising Demand](#)," China SignPost™ (洞察中国) 21 (4 February 2011).

Energy and transportation will thus be a major focus for us as we follow China's latest developments into 2014. We will continue to bring you the latest analysis and insights in this critical area.

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*China SignPost™ aims to provide high-quality China analysis and policy recommendations in a concise, accessible form for people whose lives are being affected profoundly by China’s political, economic, and security development. We believe that by presenting practical, apolitical China insights we can help citizens around the world form holistic views that are based on facts, rather than political rhetoric driven by vested interests. We aim to foster better understanding of key internal developments in China, with particular focus on natural resource, technology, industry, and trade issues.*

*China SignPost™ 洞察中国 founders Dr. Andrew Erickson and Mr. Gabe Collins have more than a decade of combined government, academic, and private sector experience in Mandarin Chinese language-based research and analysis of China. Dr. Erickson is an Associate Professor at the U.S. Naval War College’s China Maritime Studies Institute (CMSI) and an Associate in Research at Harvard’s John King Fairbank Center for Chinese Studies. Mr. Collins is a J.D. candidate at the University of Michigan Law School. His research focuses on commodity, security, and rule of law issues in China, Russia, and Latin America.*

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