

Low-Carbon Chinese Development?

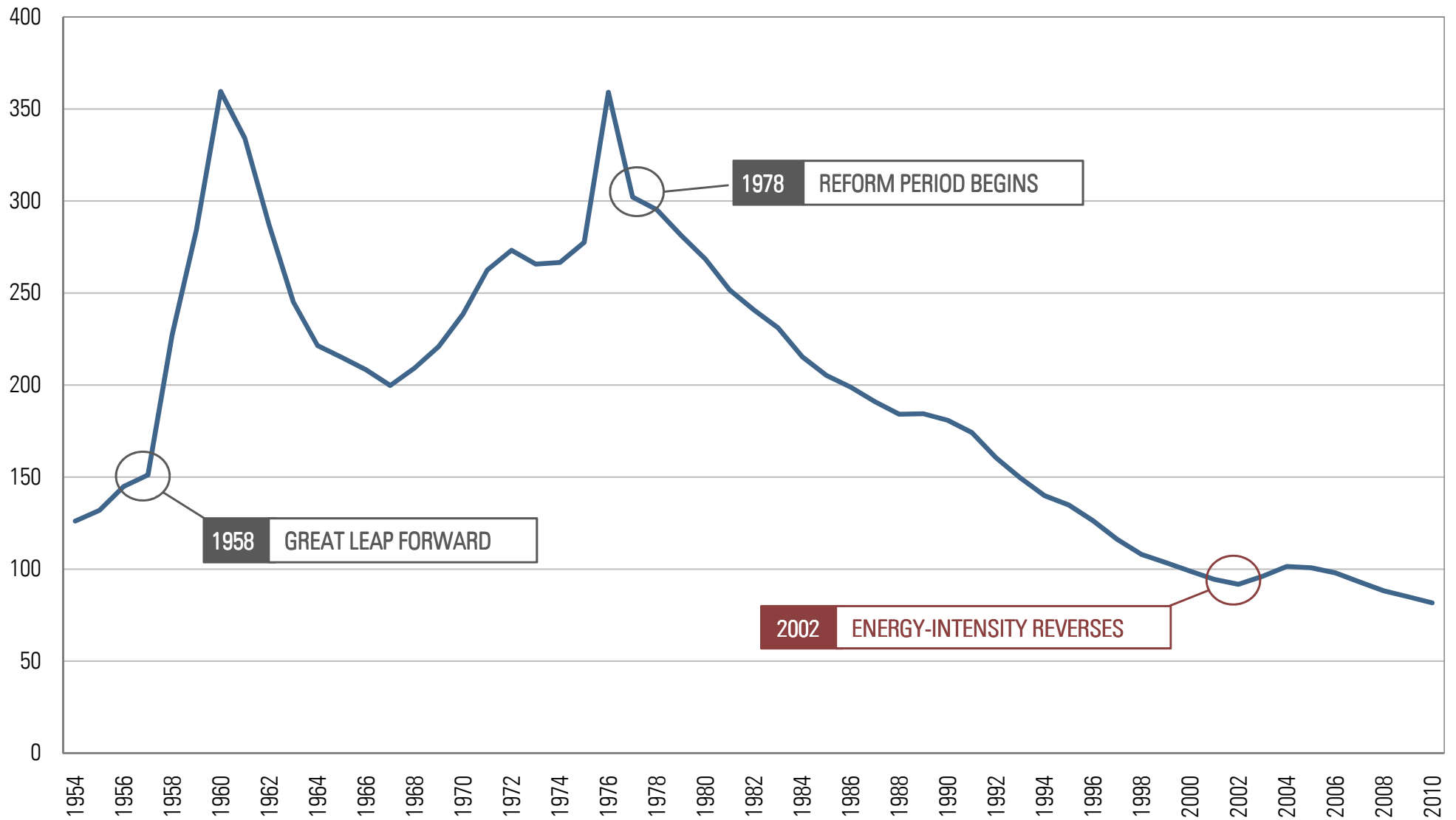
Making Sense of Current Policy and Market Trends

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Energy Intensity of China's Growth

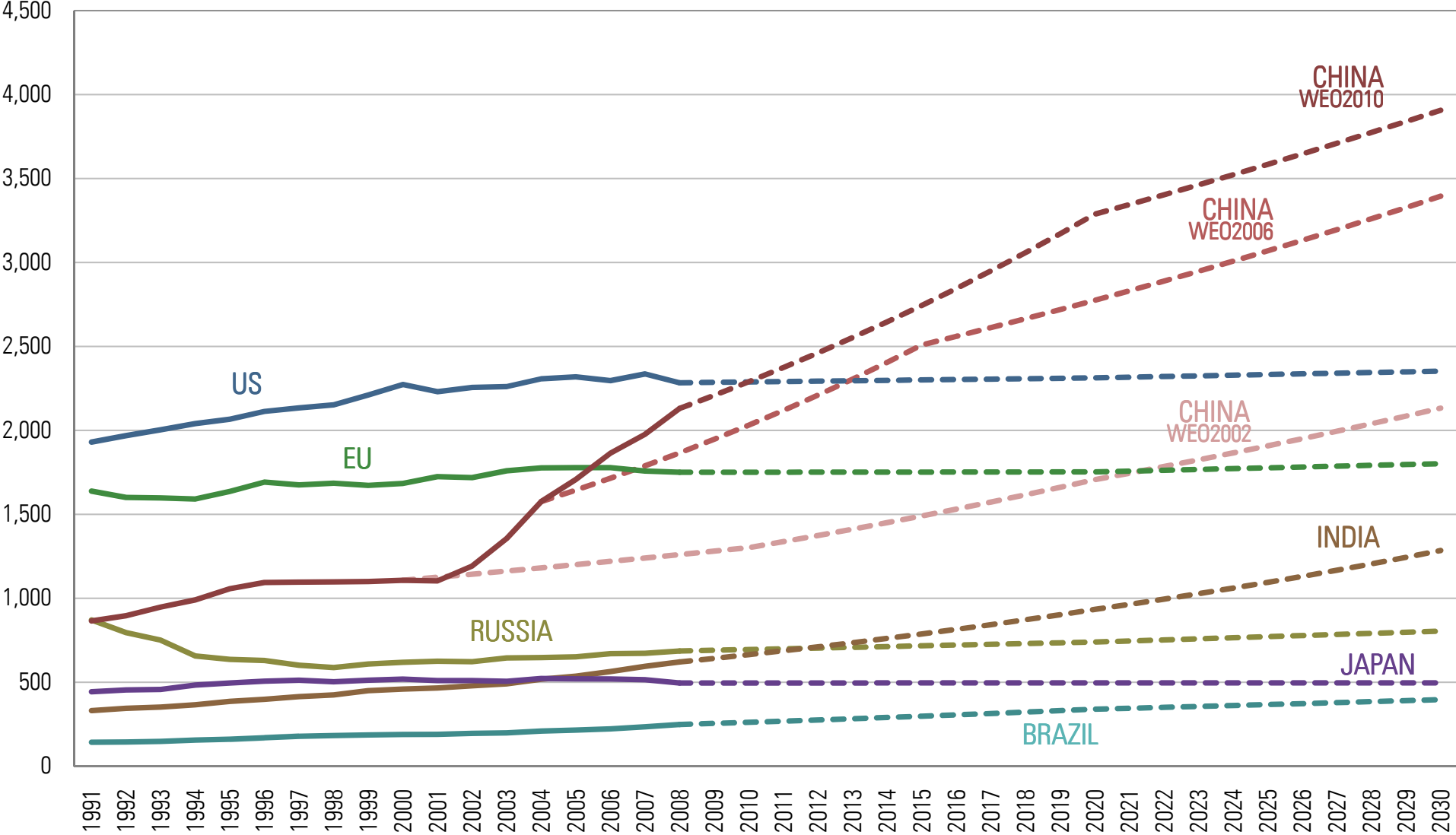
Tons of coal equivalent per million real RMB



Source: NBS, RHG

Grappling with Future Chinese Energy Demand

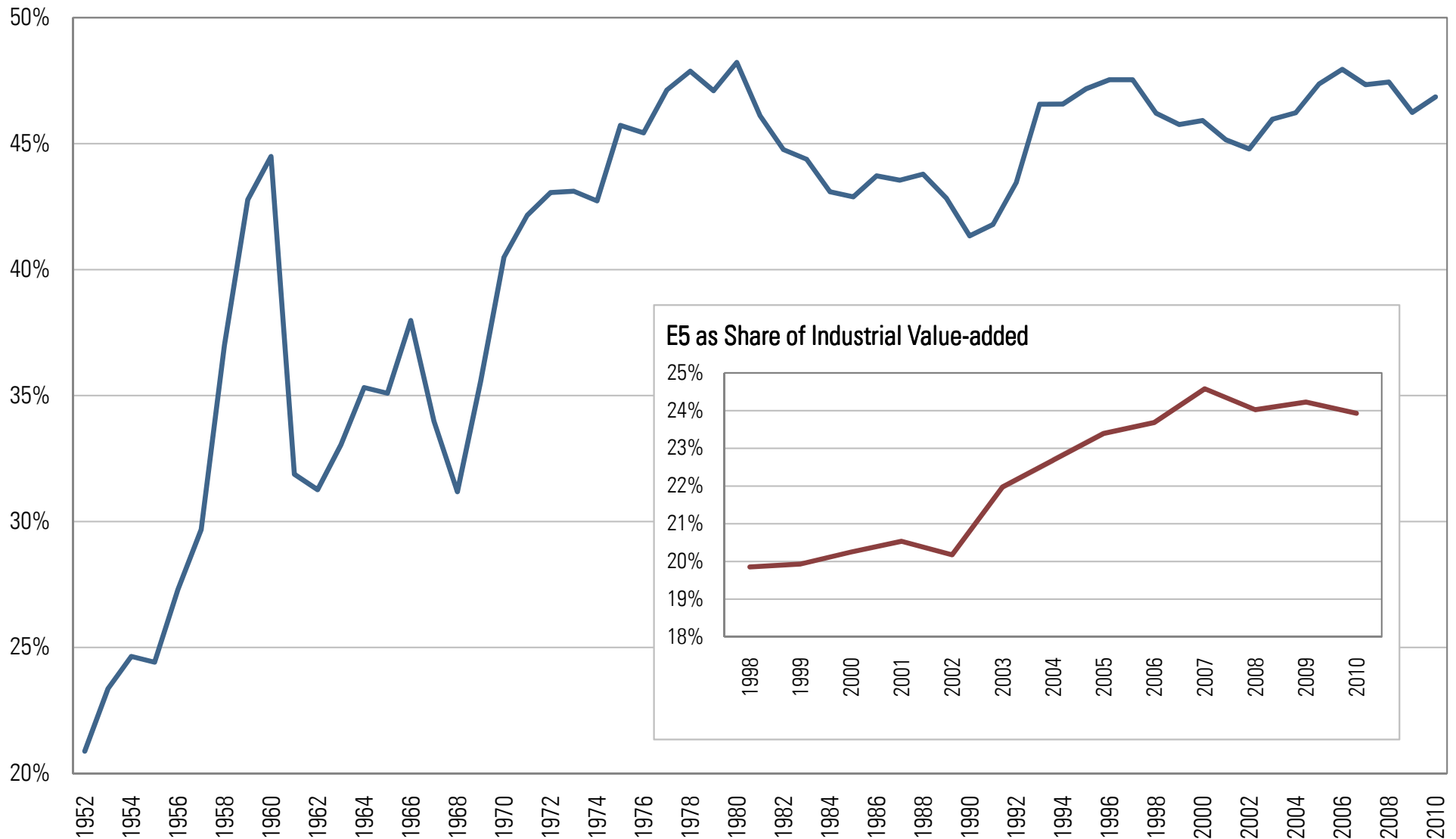
IEA Projections for Total Primary Energy Supply, mtoe



Source: IEA, RHG

Industry as a Share of GDP

And E5 as a share of industrial value-added

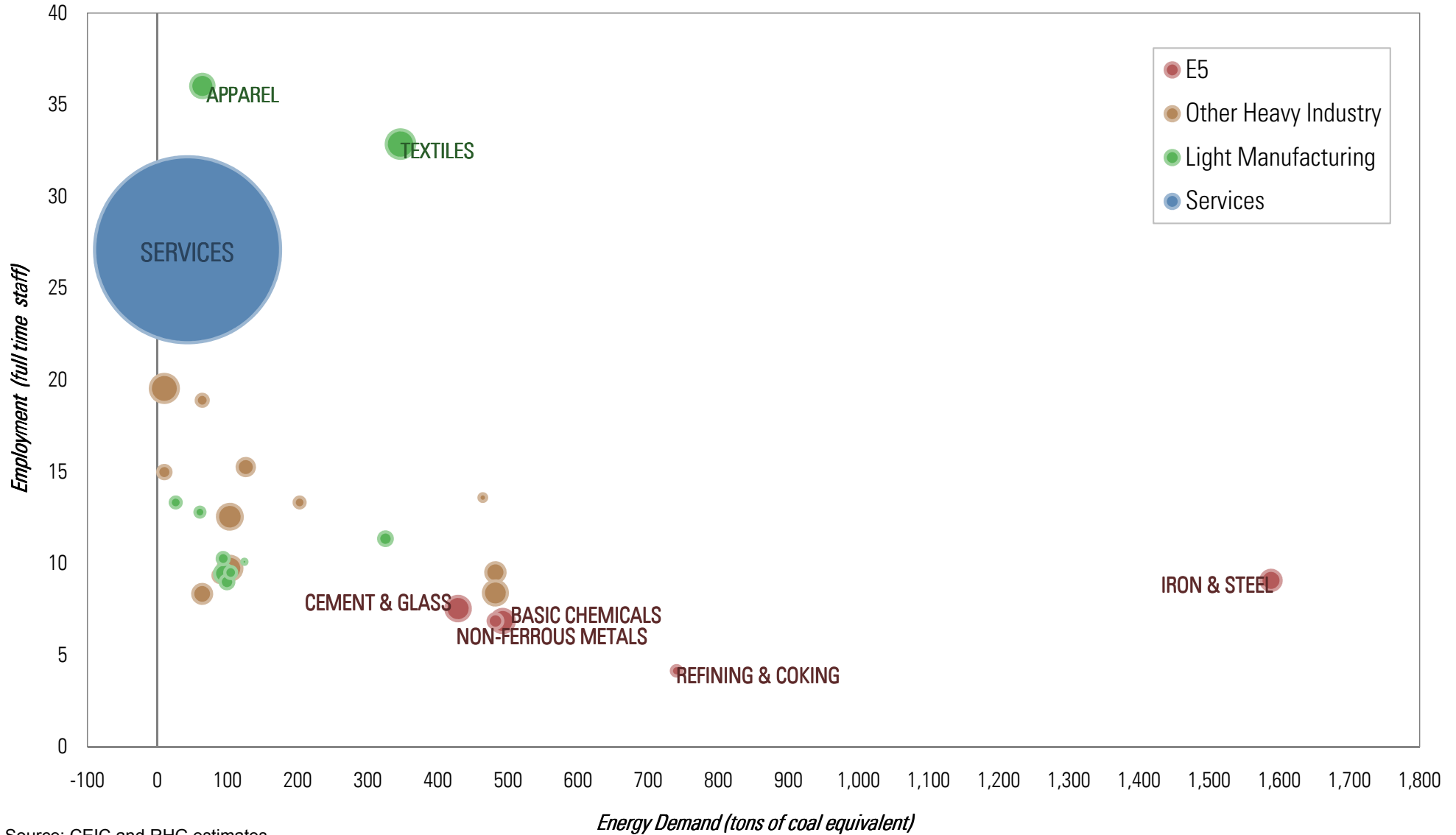


Source: CEIC and RHG estimates

The Logic of Rebalancing - Employment

Energy consumption (x-axis) and employment (y-axis) per million RMB invested 07-09

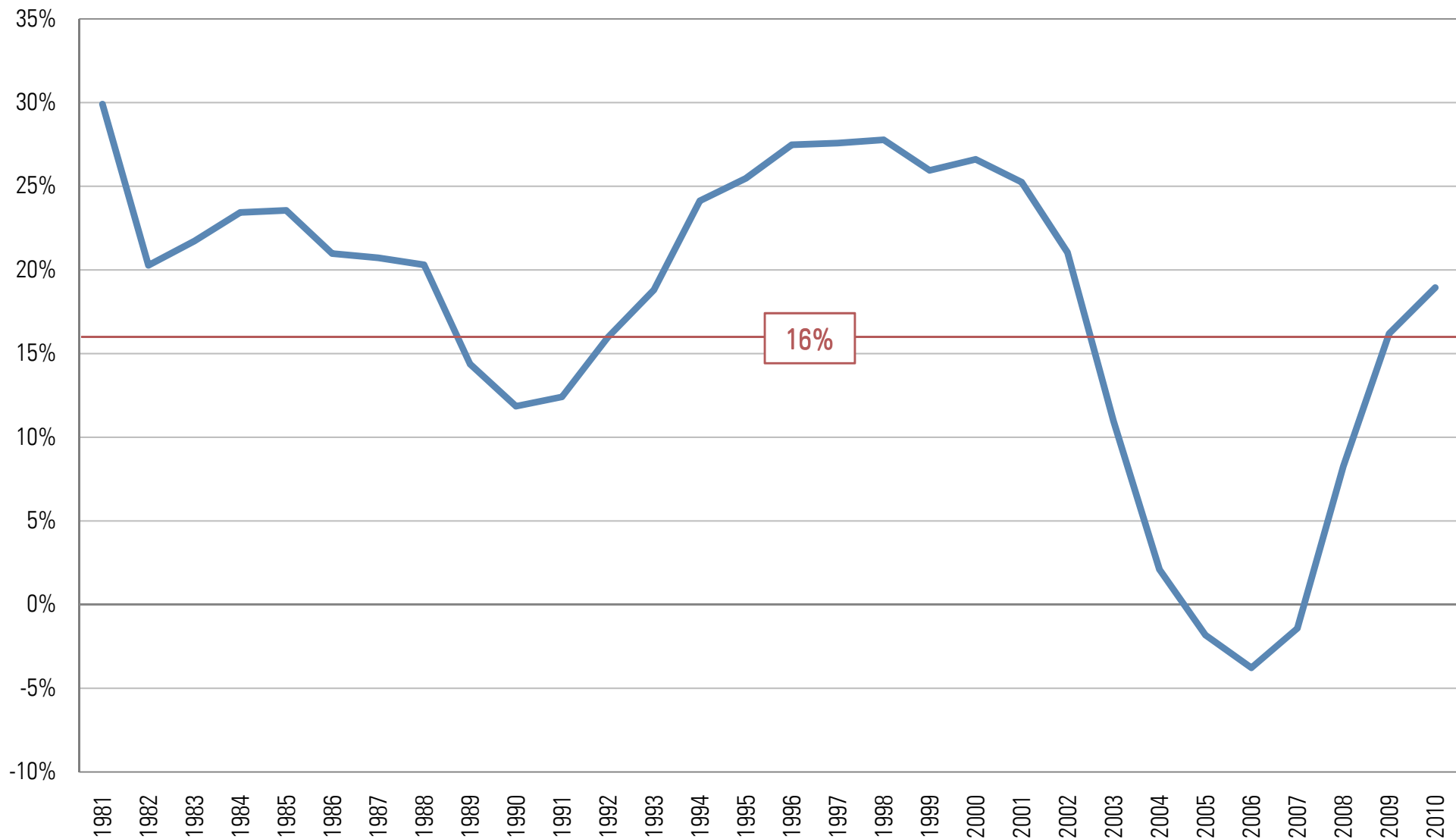
Bubble size is average employment 07-09



Source: CEIC and RHG estimates

Past Chinese Energy-Intensity Improvements vs Target

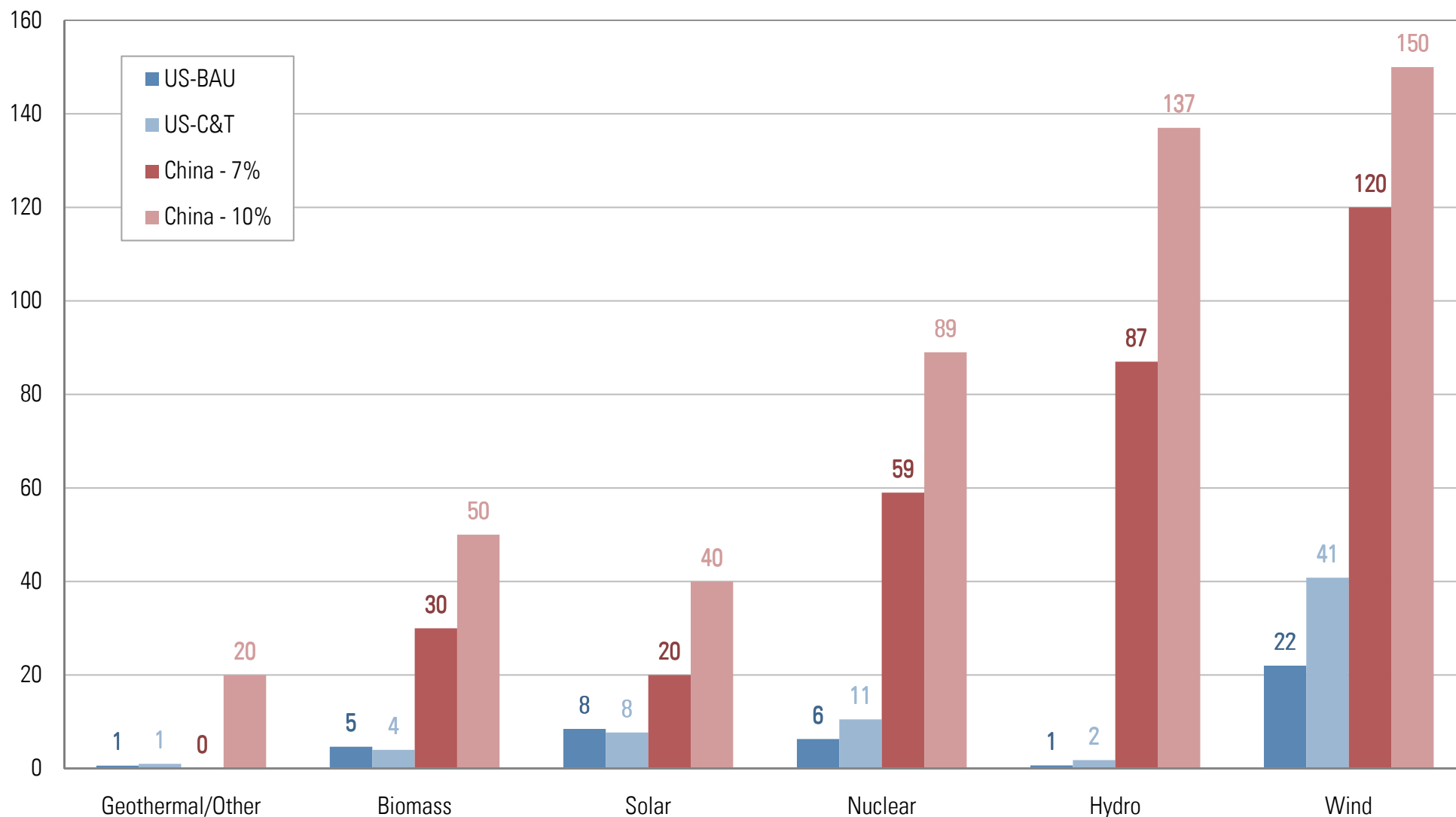
5-Year Reductions in the Energy-Intensity of GDP



Source: CEIC and RHG

The Implications of China's 15% Non-Fossil Target

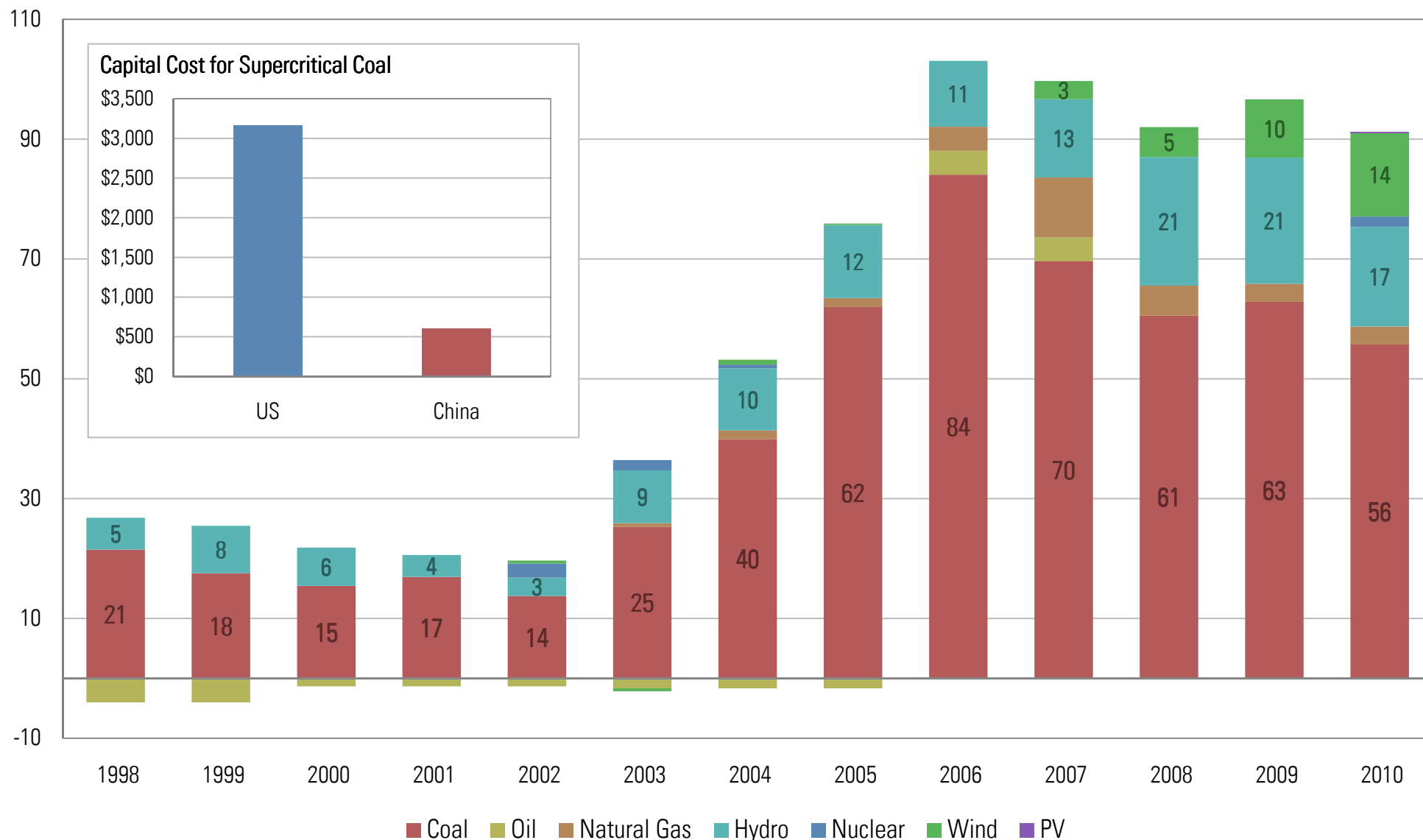
Projected Capacity Additions 2010-2020



Source: US-BAU is AEO 2011. US-C&T is a generic economy-wide cap-and-trade program with banking and borrowing, international offsets and emissions reduction targets of 17% below 2005 levels in 2020 and 83% in 2050.

The "China-Price" in Coal-Fired Power

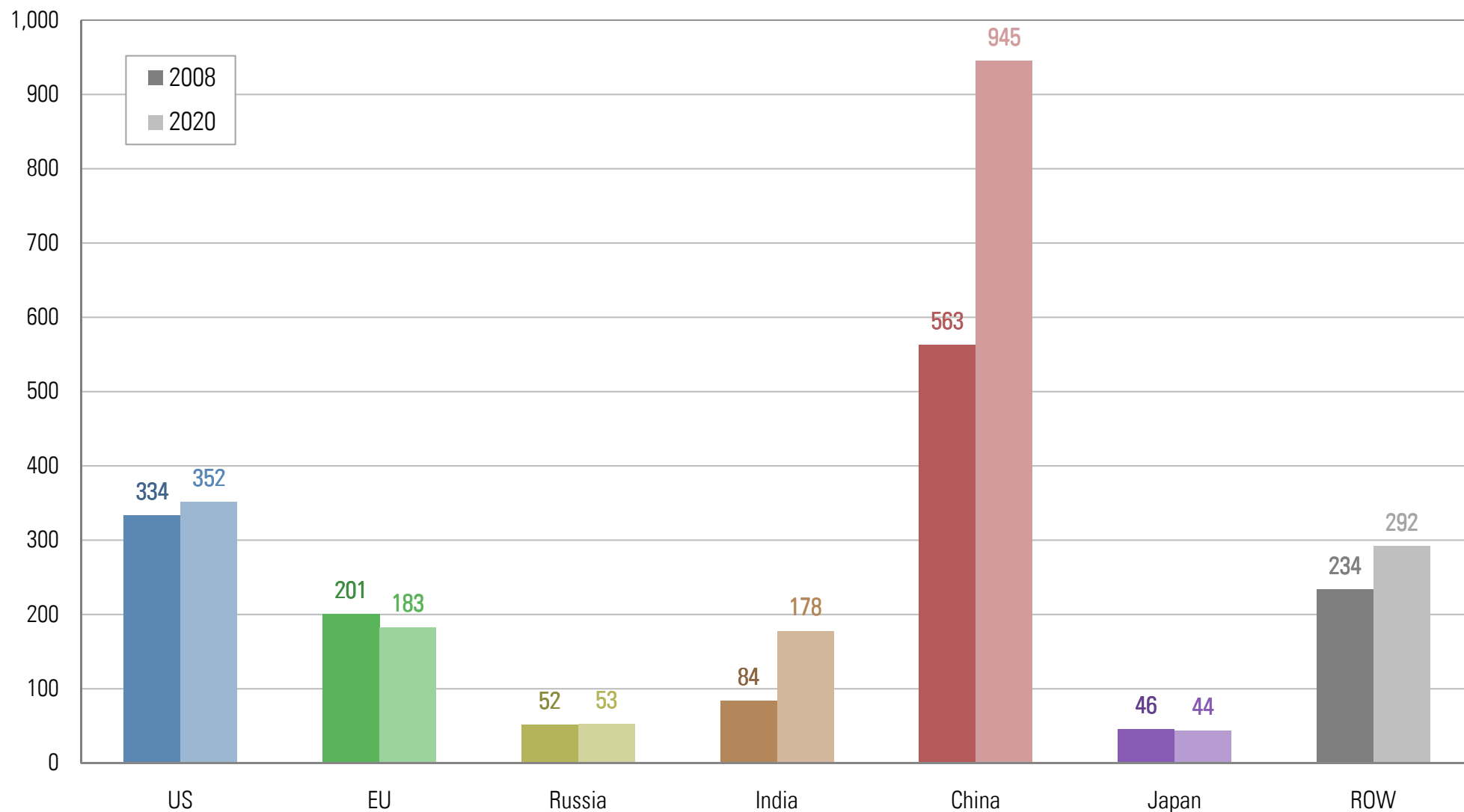
Annual Chinese Power Capacity Additions



Source: CEIC, EIA, IEA and RHG Estimates

Coal Continues to be King

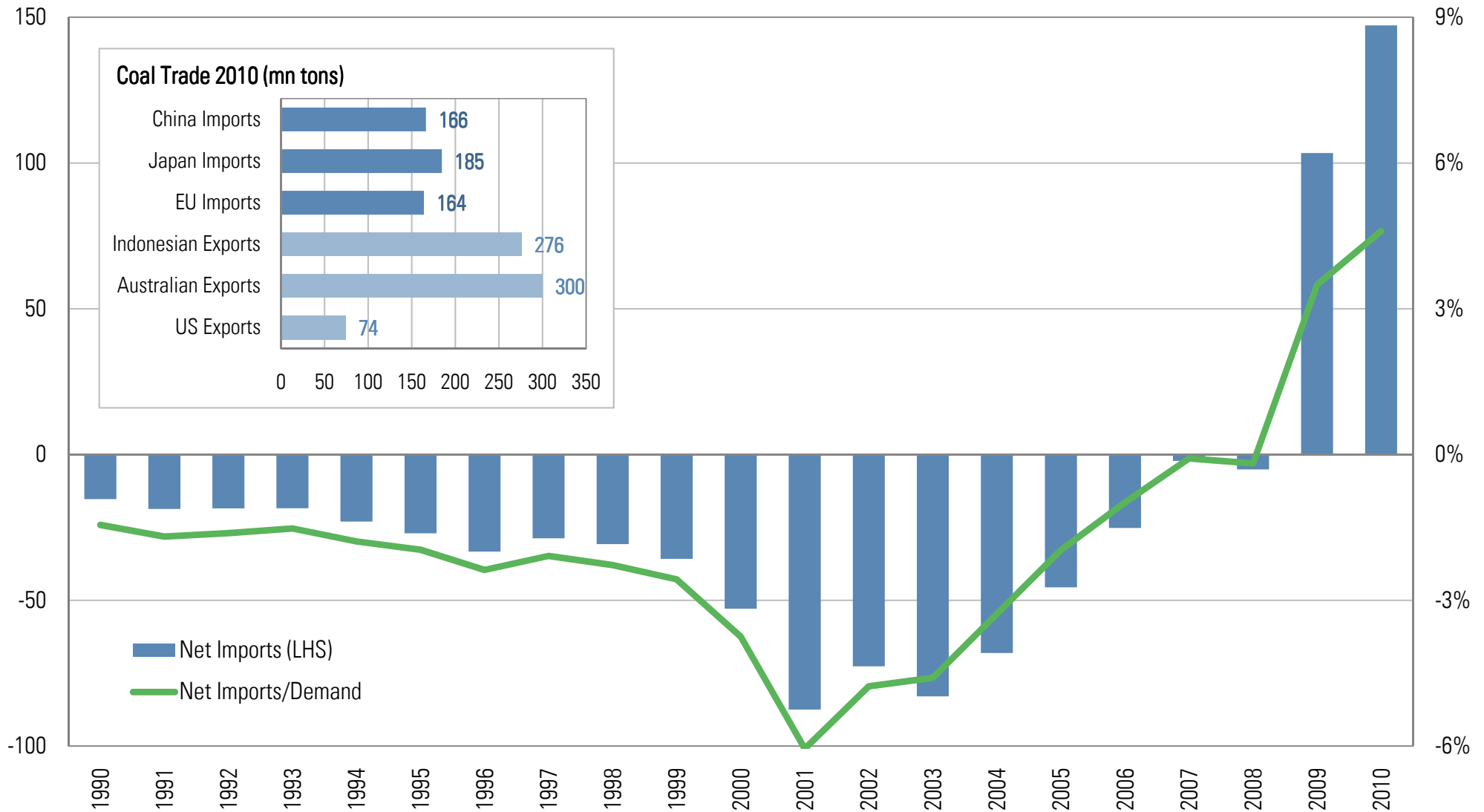
Coal-fired power capacity 2008 and 2020



Source: IEA's World Energy Outlook 2010, New Policies Scenario

China's Coal Demand Spills Into Global Markets

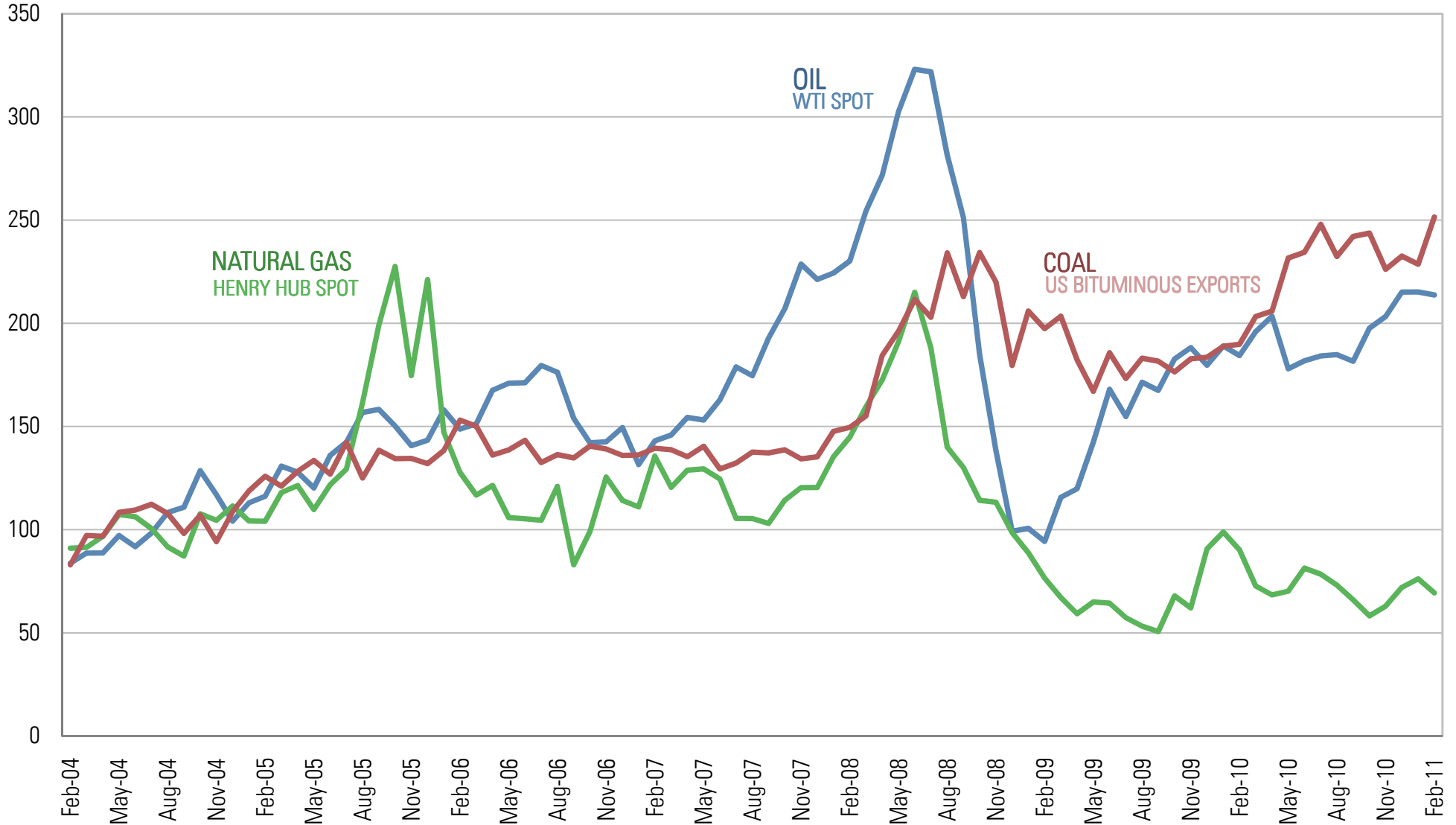
Annual trade balance, mn tons (LHS) and as share of demand (RHS)



Source: CEIC, EuroStat, USITC, ABARE, Badan Pusat Statistik, RHG Estimates

...And Shapes Energy Prices in the US

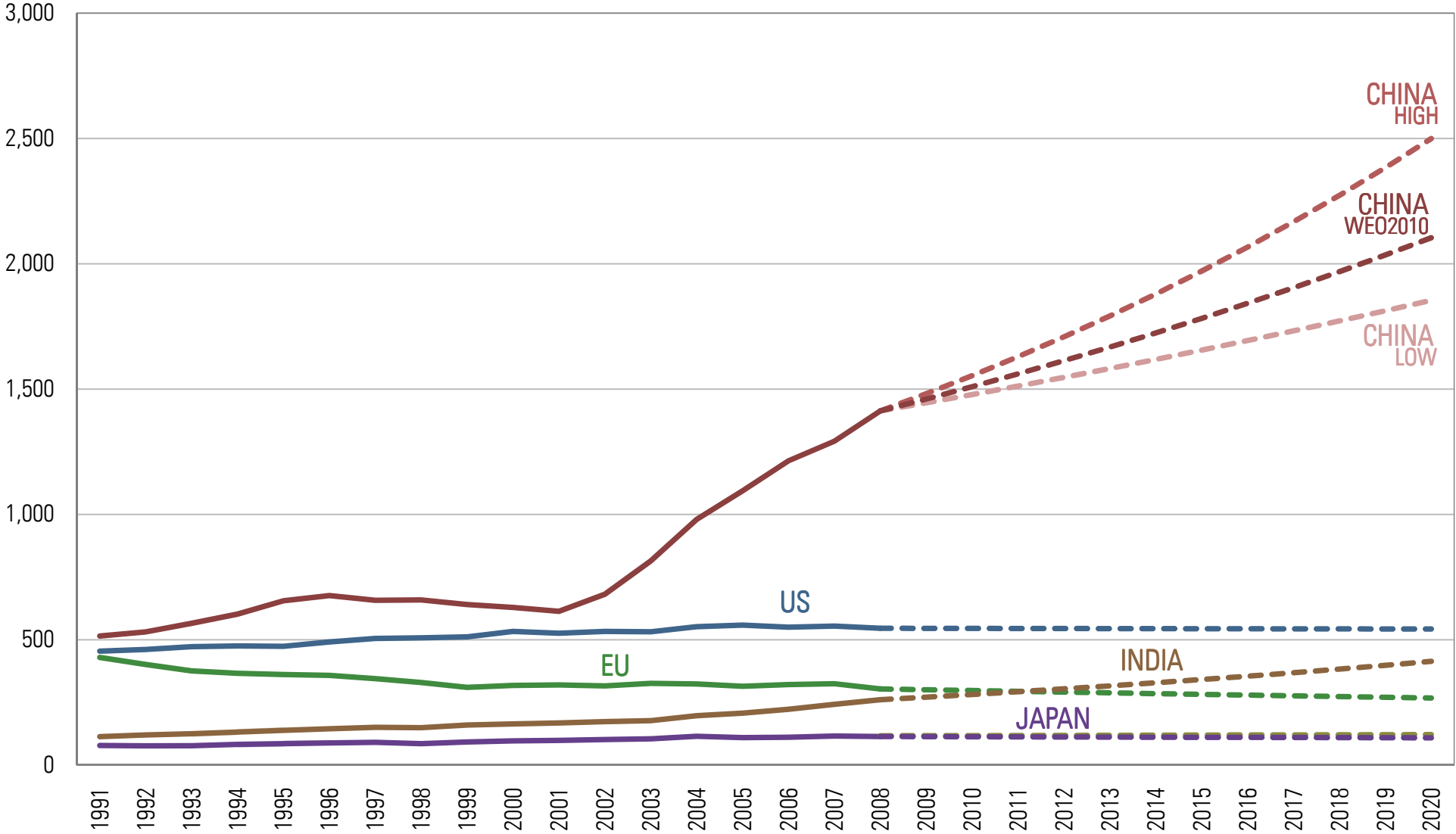
US price index, 2004=100



Source: EIA, USITC, RHG Estimates

The China Variable in Global Coal Markets

Annual coal demand, mtoe



Source: CEIC, EIA, IEA and RHG Estimates

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