M. Power

China's Ninth Five-Year Plan (1996-2000) establishes the power sector as a clear priority. Although China is currently the fourth-largest power-producing country in the world, it must add more than the equivalent of a James Bay annually to meet demand. Installed capacity has almost tripled since 1987 to more than 200 000 megawatts. China expects to raise production to 300 000 megawatts by the year 2000 and to between 500 000 and 550 000 megawatts by 2010. Thermal power is the main source of power at 76 per cent, followed by hydro at 23 per cent and nuclear and others at less than 1 per cent. The share of thermal power is expected to rise to over 80 per cent and that of hydro to drop to about 16 per cent, while nuclear and other forms will remain at 1 per cent.

A number of Chinese organizations are directly involved in the power sector, which is in the process of significant reorganization. Current restructuring of the sector and development of an improved regulatory environment has been designed to address long-standing shortcomings, which have led to stagnation over the last few years.

The Ministry of Electric Power, at present the primary but not the sole thermal power and large-scale hydro power developer, is to be restructured as a corporation, with its regulatory and administrative functions transferred to other government agencies; details are expected in the latter part of 1996. Significant reorganization of local-level power organizations is expected. Other relevant organizations are the Ministry of Water Resources, which is responsible for multi-purpose hydro developments, as well as various power development corporations such as the Huaneng Group, Qingchuan Development Corporation and Wuling Hydropower Development Corporation. Specialized corporations have been established to manage China's power grid and the Three Gorges Project, while nuclear power is under the control of the China National Nuclear Corporation.

In recognition of the importance of the sector and past shortcomings in its management, China's central government is developing a number of regulations. For example, the Electricity Law came into effect in April 1996. Additional regulations in areas such as pricing and foreign involvement are expected by the end of 1996. The government is also drawing up guidelines for build-operate-transfer or BOT projects, which will include guidelines for thermal power plant developments.

Market Opportunities

Several hydro projects are under development. Thermal and co-generation power developments are more widespread, operating under the authority of a wide range of both central and local organizations.

Although there are many opportunities for independent power projects, these need to be considered with careful attention to the regulatory environment. Further nuclear power development is planned, particularly in the wealthier coastal areas, which lack energy resources. Refurbishment of