

China's power sector grew from some 2,000 MW capacity in 1949 to over 80,000 MW in 1984. Despite this remarkable achievement, there are significant power shortages in most regions of China. The Ministry faces a tremendous task in expanding electric power supplies to meet the aggregate demand projected under China's national economic target of quadrupling its gross industrial and agricultural output between 1980 and 2000. It is projected that power generating capacity may have to increase to nearly 300,000 MW by the year 2000.

China has vast resources of thermal coal and undeveloped hydroelectric potential which are the primary sources of future electric power supplies. However, the major coal reserves are principally located in north eastern China and the major developable hydroelectric potential is in the south and western regions while the major centers of demand are concentrated along the eastern coastal region. Much new capacity development will require the construction of large central hydro and thermal generating stations remote from the major power consuming areas. These projects will require long distance, extra high voltage transmission facilities. Major interconnections between China's several large power systems will also be necessary to achieve economies in sector development.

MWREP anticipates requiring substantial foreign financial support for its power systems expansion. In the course of expanding its systems, the Ministry and China's heavy electrical industries need to acquire up-to-date technologies, both in equipment design and production as well as in construction management and system operations.

While equity participation could provide some small portion of the Ministry's foreign exchange financing needs, the basic rationale for consideration of joint venture participation in development hinges upon the Ministry's needs to acquire expertise and experience in the management of development and operation of major power supply facilities. The application of modern utility approaches to the development and to operations of selected major facilities could demonstrate greater efficiency in individual project development than has been possible under the approaches adopted in the past. This