

# The Interpretation of the Asian Petroleum Order: Analysis of the impact of the three oil crises on the Asian economy

Zhang Jiuhai

School of Foreign Languages, Chengdu College of Arts and Sciences, Sichuan Chengdu 610400

**Abstract:** As the blood of the industrial economy, oil is clearly a strategic commodity that holds an extremely important and unique position in economic development and international competition; As a fundamental energy product, oil currently accounts for about 40% of global energy consumption, and its price changes affect every aspect of the economy. In fact, the significant fluctuations in oil prices, especially the sustained rise, have been regarded as a significant negative factor that can significantly affect global inflation and economic development. As an emerging Asia, the internal contradiction between oil supply and demand is particularly prominent, and existing coping strategies and cooperation frameworks are no longer able to cope with the reality of sustained high oil prices. Therefore, for Asian energy demand countries, it is crucial to establish an energy cooperation mechanism and participate in the game to represent a complete market pricing recipient status.

**Key words:** Asian oil order; Oil crisis; Asian economy

As the blood of the industrial economy, oil is clearly a strategic commodity. Since the large-scale commercial development in 1895, especially after World War II, it has held an extremely important and unique position in economic development and international competition; As a fundamental energy product, oil currently accounts for about 40% of global energy consumption, and its price changes affect every aspect of the economy. The rise in oil prices has always been seen as a negative factor that can significantly affect global inflation and economic development. Since 2002, the world oil price has always been in a fast upward trend. On August 29, 2005, the light crude oil futures price in the New York market hit a high of 70.80 US dollars per barrel during the Asian trading session, setting a new historical high since the establishment of the New York Mercantile Exchange for 22 years. It has been fluctuating at a high level for about half a year since then, and its high rise and rapid process can be said that only 1973 The two global oil crises of 1979 can be compared to them. In addition to the high global demand, the oil production of major oil exporting countries has also decreased annually. According to OPEC statistics, in 1979, the total daily oil production could reach 34 million barrels, but now it can only produce about 30 million barrels per day, and it is basically close to the upper limit of sustainable production capacity. What is even more unsettling is that, as a major global oil production hub, the political situation in the Gulf region is always full of twists and turns: the Israeli-Palestinian conflict is difficult to stop, and the reconstruction of Iraq is still far away. Iran's resumption of its nuclear program has further tightened people's hearts. It can be said that the crisis in the oil market is ultimately determined by both supply and demand, and uncertain disturbances such as production capacity, domestic political situation, geopolitical conflicts, speculative activities, and even natural disasters can greatly increase the prices of the world oil market. Since the trend of global oil prices and their sustained impact on the world economy have become a highly concerned issue for governments and economic departments of various countries, how can Asia, as a rising industrialized group and energy consumption region, respond to the rapidly fluctuating world oil prices? How to understand the impact of oil market supply and demand on Asian economic structure? This

article attempts to analyze the impact of the three oil crises on the Asian economy from a historical perspective, and to seek future development directions by interpreting our past choices.

## 1 Three oil crises and their main characteristics

Since the pillar position of the automotive industry in various industrialized countries has been established, and the world economy has entered the fourth long cycle of decline, petroleum energy, as the core fuel for economic growth, has been endowed with some mysterious power and responsibility. Afterwards, in the history of world economic development, there have been three widely recognized processes of rapid increase in international oil prices, which occurred from 1973 to 1974, from 1979 to 1980, and from 1990 to 1991. These are also known as the three oil crises. In short, with multiple significant fluctuations in oil prices, instability has become a prominent feature of the international oil market.

Looking at the three oil crises in history, their performance characteristics and economic impacts are different. From the perspective of the first oil crisis, it is evident that its comprehensive impact efficiency index was an absolute highest value, which had a long-term structural and institutional impact on the main supply and demand sides of the world oil market at that time. Firstly, as far as the demand side is concerned, the large-scale rise in oil prices has directly led to a dual effect caused by income and substitution effects. The former is directly manifested in countries such as the United States, Western Europe, and Japan that rely on imported "cheap oil" to maintain economic operation and high-speed growth, resulting in significant economic recession and stagflation, a general decline in growth rates, and the outbreak of the first most serious economic crisis after World War II. The energy crisis that lasted for three years led to the decline of 14% in American industrial production and 4.7% in GDP; Japan's industrial production has decreased by more than 20%, GDP has decreased by 7%, and Europe's GDP has decreased by 2.5%. In addition, the more long-term impact should be the product substitution effect caused by high oil prices, as well as the regional substitution

effect caused by the strong price control and bargaining power of OPEC to strengthen its dependence on the oil supply market outside of OPEC. Reducing unit energy consumption in economic development, effectively utilizing petroleum energy, and finding more convenient and reliable alternative energy sources have always been the focus of attention in the economic development of developed industrialized countries in the future; Moreover, the improvement of oil production capacity and efficiency in non OPEC countries has gradually reduced OPEC's market share from 80% in the early 1970s to around 40% currently. More importantly, after the crisis, some developed countries, led by the United States, formed the International Energy Agency (IEA) to respond to potential oil crises. In addition to coordinating and promoting cooperation between energy demand parties, and requiring member countries to maintain reserves equivalent to at least 90 days of imported crude oil from the previous year, this agency is also an important institution to confront OPEC and improve its ability to organize and negotiate with it.

Although the "Second Oil Price Crisis" of the late 1970s did not have as strong a shaking effect on the world as the previous crisis, some of the characteristics exhibited after the crisis are also worth pondering. Due to the short-term geopolitical crisis in the Middle East, expectations have tightened and prices have risen, leading to a new round of "stagflation" and plunging major Western industrialized countries into a new economic crisis; On the other hand, after the crisis, the instability of OPEC as an oil cartel organization also became apparent on the paper. Because there was no internal agreement on the pricing of oil and the allocation of production quotas, in fact, the world oil market prices remained at a relatively low level almost throughout the 1980s after the crisis.

One of the important direct reasons for the world's third oil outbreak in the early 1990s was the possible fraudulent behavior behind the unstable cartels, and Iraq's invasion of Kuwait led to the military intervention of the United States, which led to another surge in oil prices. But this oil crisis not only affects the intensity and duration much lower than the two crises in the 1970s, but also highlights the more mature and successful ability of the international energy agency representing the demand side to control the situation. At that time, the International Energy Agency launched an emergency plan in a timely manner, releasing 2.5 million barrels of reserve crude oil into the market every day. Oil prices plummeted by over \$10 a day, and OPEC, led by Saudi Arabia, rapidly increased production, quickly stabilizing world oil prices. Therefore, it can be said that this is a classic battle of stabilizing world crude oil prices through cooperation between supply and demand.

## 2 Industry Spread: The Transmission Mechanism of the Three Petroleum Cooking Machines

Undoubtedly, the economic development of post-war Asia, especially East Asia, was extremely remarkable. Since the 1960s, East Asia, located in the Western Pacific, has maintained a sustained high-speed economic growth of 30 years. From 1965 to 1990, the per capita GNP in the Asia Pacific region increased by 5.5%, while the fastest rate in other regions of the world is only 2.5%; During this period, the real per capita income of Japan and the Four Asian Tigers more than quadrupled, while that of the newly industrialized country in Southeast Asia more than doubled, creating

an internationally recognized "economic miracle". In other words, if the distribution of high-speed growth is random, then such concentrated regional high-speed growth is extremely rare, with a probability of only about one in ten thousand.

On the surface, the development process of the East Asian economy has not been interrupted by the impact of the two oil crises in the 1970s, as in developed Western countries. According to World Bank statistics, the average annual economic growth rate of the East Asian region reached 7.1% from 1971 to 1990. However, through careful examination of the economic development of East Asian countries in the past 30 years and their relationship with the oil crisis, it can still be found that the two are interdependent. Moreover, from an internal perspective in Asia, the impact of the oil crisis on regional economic development can be clearly divided into several different stages: before the 1990s, Japan, as the main representative of the internal oil demand side in Asia, directly and positively took on the impact of the oil crisis and spread and digested these impacts in the East Asian region. Therefore, in other words, it can also be said that, at this time, Japan was the vector of the oil crisis in Asia; After the mid-1990s, the influence of the East Asian economy on Gulf oil has gradually increased, not only because the East Asian economy has become increasingly important in the world economy, but also because the international oil market has become a buyer's market since the mid-1980s. In the framework of oversupply, the influence of the demand side on the supply side has rarely been shown in the history of world oil development as surpassing the influence of the supply side on the demand side; In the third stage, that is, after 2002, due to the rise of newly industrialized country in East Asia represented by China and India and the sharp increase in demand for oil imports, the world oil market turned to the seller's market, and the oil price continued to rise. The overall impact of high oil prices on the Asian economy was further manifested in different characteristics and transmission mechanisms.

So overall, at least during the oil crisis or oil price fluctuations of the last century, the impact of petroleum energy on the East Asian economy was mainly indirect. Japan plays an important media role, that is, the oil price effect directly affects the Japanese economy, and the adjustment and response measures of the Japanese economy directly affect the development of the East Asian economy. In the process of transmitting this effect, industrial transmission based on investment and trade has become the most important channel and mechanism. Japan, which relied on imports for 99.7% of its oil consumption, suffered a heavy blow during the first oil crisis in 1973 and had to halt its continuous high-speed economic growth after World War II; Although the impact of the 1979 energy crisis is weaker than that of the previous one, the impact and alertness on its economic development model are still very obvious.

Faced with the crisis, Japan has achieved significant results by adopting economic structural transformation and industrial sequence relocation. After 1974, the Japanese government promoted the transition of industrial allocation focus from "thick, heavy, long, and large" to "light, thin, short, and small", and vigorously supported the development of emerging low energy and high-tech industrial sectors such as automobiles, electronics, precision machinery, aviation, and atomic energy; On the other hand, encouraging industrial capital to expand outward direct investment has formed a wave of investment in the Asian

region. In this stage, the industrial transfer driven by oil price factors is reflected through two main ways: one is to improve the optimization of energy intensive industrial structure and the outward migration of industrial sequence. It is in this sense that in the past 20 to 30 years, with the rapid development of the East Asian economy, the East Asian region has gradually formed a multi-level dynamic gradient division of labor system, promoting the structural adjustment and economic development of countries and regions at different levels. This is not only reflected in the different levels of economic development in East Asian countries and regions on the industrialization ladder, but also in the development trend of important industrial structures, forming a developed and mature industrial economy (Japan)-first generation emerging industrialized economy (Asia's four small economies)-second generation emerging industrialized economy (ASEAN's four countries)-developing countries (China, Vietnam) that are undergoing industrialization. Before the mid-1990s, this overall economic development pattern in East Asia was known as the 'wild goose' formation. The second is to ensure supply oriented outward investment. In order to reduce oil risks and ensure energy supply, since the late 1970s, Japan has gradually shifted energy intensive industries such as heavy industry to Southeast Asia, which is politically stable and has resource security. In particular, investment has been mainly concentrated in fields such as petroleum and chemical engineering, committed to achieving diversification of oil import sources, and continuously obtaining mineral resources by providing funding and technology as conditions.

During this period, the positive impact of the oil crisis on other Asian countries was much weaker. For example, although South Korea, which followed closely with its heavy industrial economy as its main development pillar, also suffered trauma during the first oil crisis, its heavy chemical industry plan was only in its early stages, so the losses were clearly much smaller compared to developed industrialized countries. Moreover, the warning of the oil crisis has made it pay more attention to the efficiency of industrial investment production capacity, and the accompanying Middle East oil boom has made South Korea a major winner in local construction and other industries.

### 3 The Economic Validity of the Oil Crisis in Asia

From the performance of the three oil crises in history, they have a series of important and thought-provoking characteristics in the development process of the Asian economy.

#### 3.1 Asymmetry of the supply and demand loop

Firstly, from an internal perspective in Asia, the economic effects of the oil crisis are first manifested as the asymmetry of the supply and demand cycle. Although the main supply side of the world oil market and the most important emerging demand side of the world oil market are both within this region, the economic impact effects brought about by the oil crisis are completely different; Moreover, what concerns us more is that due to the traditional strong intervention of the United States, the supply and demand sides of the Asian oil market often do not directly connect, forming a third party with strong influence on the supply and demand cycle system within the system, or creating a clear wedge effect within the cycle system.

Among them, West Asia mainly benefits from the wealth effect generated by the oil crisis. If you browse through the statistics of the world's proven oil reserves, you can know that more than two-thirds of the world's oil is distributed in the western part of Asia—the Gulf region. Therefore, it can be said that the Gulf region is now the most abundant region in the world's oil resources. According to statistics, the remaining proven recoverable oil reserves of the entire OPEC country are 111.9 billion tons, accounting for 78.2% of the world's total. The reserve production ratio is as high as 82 years, with Saudi Arabia, Iraq, Kuwait, the United Arab Emirates, Iran, and Venezuela ranking among the top 6 oil resource countries in the world. These six countries account for 70% of the world's remaining proven recoverable oil reserves 2%. Obviously, the position of oil reserves in Middle Eastern countries in the world is irreplaceable, especially with the depletion of oil resources outside the Middle East, the Middle East located in West Asia will lead and even dominate the world oil supply market in the later stages of the oil era.

However, from the perspective of Middle Eastern oil producing countries themselves, the abundant oil resources have not brought them a sound economic structure and stable political environment. On the contrary, due to the scarcity of natural resources other than oil, a relatively fragile outward oriented oil economic structure has been formed. The rapid development of the petroleum industry has formed a strong contrast with the relative lag of agriculture, industry, and service industries, and the distorted economic structure that relies heavily on petroleum resources is increasingly becoming a shackle to national development. The evolution of OPEC countries' balance of payments from 1971 to 2000 indicates that since the 1970s, their peak balance of payments surplus has always been accompanied by a sharp increase in oil prices, and the deterioration of their balance of payments has always been accompanied by a sharp decline in oil prices. If we look back at the history and analyze the reasons for the formation of the Eurodollar market, we can find that one of the important factors was the return of petrodollars after the Organization of the Petroleum Exporting Countries raised the price of oil. For example, during 1973-1976, OPEC's deposits in the Eurodollar market soared by \$10 billion to \$54 billion and were mainly used for loans to oil importing countries. The wealth effect that rising oil prices can bring to West Asian oil producing countries is evident on paper.

On the other hand, East and South Asia are mainly facing demand shocks caused by the oil crisis. This is completely different from the scenario of Western Asia enjoying net high oil prices, while Eastern or Southern Asia has to pay a high price for oil demand in economic development, and is even constrained by the constraints of oil bottlenecks on economic development and structure. As a necessary energy source, the short-term demand elasticity of oil is very small, even zero. In the oil market, the adjustment function of demand on price is very slow, and the demand curve of oil is steep. Therefore, small changes in supply or demand can cause price fluctuations. This commodity characteristic creates frequent price fluctuations and potential shocks. So, the impact of high oil prices on the Asian economy can have multiple channels. Firstly, due to the changes in trade terms between oil importing and exporting countries, the income shock effect of high oil prices within Asia is asymmetric, while net oil importing countries are clearly facing a net loss of national income. Secondly, due to the increase in production costs, high oil prices will also lead to a decrease in

industrial output, and this supply shock effect will also generate inflationary pressure on the fundamentals of economic operation. Thirdly, the impact of the rise in oil prices can also be expanded through the multiplier effect, which means that the increase in imported oil commodity prices will lead to an increase in costs related to oil, complementarity, and upstream and downstream industries, thereby driving the overall consumption and investment expenditure expectations of society. High price levels, combined with a decrease in real income, will clearly jointly suppress domestic demand, leading to a downward shift in the demand curve and leading to an increase in unemployment rate; On the other hand, due to a decrease in actual income, employed individuals will demand higher wages, which in turn will further drive up production costs and pass them on to consumers again. It has been proven in the previous two oil crises that in the absence of reasonable macroeconomic policy adjustments, it is precisely this spiral of inflation and wage increases that can lead to a comprehensive deterioration of economic fundamentals.

### 3.2 Different stages of development and the impact of the oil crisis

Different stages of economic development have varying levels of tolerance and methods for oil crises. The significant increase in oil prices has had a significant impact on the economies of some developed countries, as oil accounts for a large proportion of their energy consumption structure and has high unit fuel consumption, resulting in a high dependence on oil for economic growth. However, after the baptism of two oil crises and the development of knowledge economy in developed countries, their ability to resist the rise of oil prices has also greatly improved. At present, the proportion of traditional industries with high energy consumption in the economic structure of developed countries has decreased significantly, with a significant reduction in fuel consumption per unit of GDP and a significant improvement in the ability to prevent oil crises. It should be said that in the three oil crises in history, the economic impact of developed Western countries was greater than that of underdeveloped countries. But with the deepening of economic globalization and the non industrialization process in developed countries, more and more industrial employment opportunities are being transferred to developing countries that are undergoing industrial rise, and correspondingly, the opportunities for industrial fuel consumption are also being synchronously transferred. According to authoritative estimates from OPEC, global demand for crude oil will increase from 12 million barrels per day to 89 million barrels per day from 2002 to 2010, with an average annual growth of 1.5 million barrels per day. During the period from 2002 to 2025, approximately 3/4 of the growth demand will come from developing countries. The growth rate of Asia far exceeds that of other parts of the world. Currently, this region produces 11% of the world's total crude oil, but it consumes 21% of the world's total. Moreover, 44% of this proportion comes from imports, compared to only 7% in the previous 1970s and 1980s, and even in the 1990s, this proportion was only 32%. In fact, there is still a lot of room for Asia to increase its dependence on oil. Currently, Asia consumes 4.5% of its GDP, while in other industrialized countries, this proportion is only 1.6%. Among them, as China located in the Asia Pacific region, its crude oil demand will increase from 5 million barrels per day in 2002 to 7.6 million barrels per day in 2010 and 13.5 million barrels per day

in 2025. It is not difficult to see from the table below that the growth capacity of crude oil demand in Asia as a whole greatly exceeds that of mature industrialized economies represented by the OECD.

In the past 30 years, while developed countries have vigorously promoted energy-saving products, accumulated and searched for alternative energy sources such as nuclear energy and natural gas, accelerated Economic restructuring, and transformed from heavy industry to a new economy dominated by aerospace, biology, computer, network and other service industries, some Asian countries, in order to rapidly realize industrialization, on the one hand, continue to absorb energy consumption and heavy chemical industry transfer from developed countries, and on the other hand, are also providing subsidies for high energy consumption, Diluting the cost of private energy consumption and increasing oil consumption have led to differences in their ability to withstand high oil prices. In fact, when industry is transforming into a new economy dominated by aerospace, biology, computer, network and other service industries, some Asian countries, in order to rapidly realize industrialization, on the one hand, continue to absorb energy consumption and heavy chemical industry transfer from developed countries, and on the other hand, they are not as influential as expected. In 2005, the economic growth rate of the United States reached 4.4%, the fastest in recent years. In the first quarter of 2006, the economic growth rate also reached 3.8%, the same as in the fourth quarter of last year. Just as the fact that the world's largest economy, as well as the largest oil consumer and importer, the United States, has been taken as an example, the negative impact of the continuous rise in oil prices over the past year on its economy shows that after experiencing two oil crises in the 1970s and long-term fluctuations in oil prices, the United States has adopted a series of policies and measures, greatly enhancing its adaptability to high oil prices. On the other hand, while developing countries, especially emerging market economies in East Asia, are experiencing rapid development, it is not difficult to find that they are objectively much more constrained by the negative effects of high oil prices. For example, the growth in oil demand in developed countries now and in the future mainly comes from transportation, power generation, and industry, which are showing a downward trend. However, the oil consumption of all sectors in developing countries will increase. The calculation results of the Asian Development Bank show that if the oil price increases by \$10 per barrel, the economic growth rate of Asia will decrease by 0.6 percentage points; The famous Morgan Stanley Asia Chief Economist, Xie Guozhong, is even more pessimistic in his belief that if oil prices do not fall, the Asian economy may fall into a short-term recession. It can be seen that the rise in oil prices is impacting the domestic economic balance of industrialized developing countries through various channels, directly leading to an increase in production costs and consumer goods prices, an expansion of the current account deficit in the international balance of payments, and the deterioration of economic growth fundamentals.

## 4 Conclusion: Unsustainable Past

From the past three oil crises, we have seen that Asia is facing price challenges from energy in its own way. Although many of them have been successful, with the changes in the internal economic development structure of Asia and the international oil market itself, many new issues have been raised regarding Asia's response, and even let us see some inherent unsustainability hidden

in past choices.

#### 4.1 Industrial transmission and overall development

From a historical perspective, countries within the Asia Pacific economic circle, such as Japan, the four small Asian countries, the four ASEAN countries, and even China, actively participated in international division of labor, continuously adjusted their industrial structure, promoted industrialization, and achieved rapid economic growth by taking advantage of several major structural adjustments in the post-war world economy. Among them, Japan has constantly transferred industries that have lost their comparative advantages and are strongly constrained by energy constraints to the "four small enterprises", ASEAN and Chinese Mainland in the process of previous industrial restructuring. This transfer is directly reflected in Japan's changing investment structure in manufacturing industry in East Asia, and has a great impact on the industrialization of East Asia. In a sense, it directly promoted the industrialization process of the East Asian region, accelerated the transformation of industrial structures in various countries, and this transformation was achieved through the overall interactive evolution of the region.

It is precisely based on this model that the theory of goose shaped economic development has been highly praised in East Asia, which also confirms the internal economic structure of East Asian economies, especially the diversified and stepped characteristics of industrial structure. The former indicates the diversity and complexity of the industrial structure of countries (regions) in the East Asian region, while the latter emphasizes the different stages and levels of industrial structure development among countries (regions) in the East Asian region, presenting a complex multi-level state. However, the 'wild goose model' requires a series of objective conditions, such as geographical proximity, easy industrial transfer and transmission, uneven economic development levels, and a linear vertical division of labor as the dominant factor, outward oriented development strategies of various countries (regions), and the development of world markets, especially the opening up of the US market. But since the mid-1990s, the conditions for the traditional industrial structure model in East Asia have undergone many changes, such as the original international division of labor dominated by vertical division of labor being replaced by a new type of composite network international division of labor; The original export-oriented industry cycle mechanism guided by the US market has been replaced by the regional self-discipline development cycle mechanism; And the traditional pattern of Japan being the single "leading goose" has been replaced by new "thrusters" and "growth poles" constantly emerging in the region.

On the other hand, Asia's sustained high-speed economic growth and high energy consumption characteristics make it impossible for international oil demand growth to change for a considerable period of time. So, we have reason to doubt whether the historical approach of using industrial transmission to resolve the oil price crisis can still be effective, given that the overall economic situation in East Asia has taken off.

#### 4.2 Market Pricing and Organizational Games

The unique nature of petroleum products and markets also indicates that the traditional reliance of Asian economies on the market for separate inquiries is not effective.

Firstly, from the perspective of supply in the oil market, the distribution of crude oil resources in the world is very uneven.

The Middle East region contains over two-thirds of the world's oil, and currently accounts for one-third of the world's production. The member countries of OPEC are also all developing countries, controlling over three-quarters of the world's oil resources. The common interests of oil producing countries are the cornerstone and guarantee of the emergence and operation of OPEC. The power of OPEC in the oil market has also been fully demonstrated in the successful price increase of oil in the 1970s, the resurgence in the late 1990s, and the current strong manipulation ability of the seller's market.

Secondly, as far as the demand side of the oil market is concerned, it is also organized at least within developed industrial countries. After the outbreak of the Fourth Middle East War in 1973, Arab oil producing countries imposed an oil embargo on Western countries that supported Israel, which dealt a heavy blow to the economic development and social stability of Western countries. In 1974, the President of the United States convened the International Energy Conference in Washington and formulated the "International Energy Plan". In November, the 16 OECD member countries that signed the plan established the International Energy Agency (IEA), with the aim of promoting cooperation among developed oil consuming countries, including establishing emergency oil sharing systems and oil information systems, promoting the application of long-term measures to reduce net demand for oil in the world market, and jointly conducting energy research and development activities. Although the performance of IEA in the first oil crisis was criticized, during the 1979 energy crisis and the subsequent response to the huge fluctuations in world oil prices.

The IEA's international cooperation mechanism has indeed played a role in providing information to member countries, reducing uncertainty, coordinating the actions of member countries and limiting selfish sexual orientation at the national level to a large extent, increasing the ability of member countries to resist energy risks, and objectively reducing the uncertainty and variability of the world oil market.

The current oil market is not a perfect competition market. In the final analysis, the price of oil is the result of the game between supply and demand. If the demand side is strong, the price will be low, as was the case in the first stage of the world's oil development history before 1973; The main characteristic of the second stage after that is that the strong power of the supply side leads to high prices. Since 1986, the average price of oil has been significantly higher than the cost, indicating that the power of the supply side is stronger than that of the demand side. Although the total production capacity of oil in the world was greater than the demand for most of the 1980s to 1990s, there was a tacit understanding between the supply side, which to some extent limited production, allowing for high profits in oil extraction. Especially in recent years, OPEC has emphasized a very important viewpoint that the key to maintaining stability in the oil market is cooperation with oil consuming countries.

Therefore, for the emerging Asian energy demand power, it is crucial to establish an energy cooperation mechanism and participate in organizational games to replace the complete market pricing receiver position.

## Reference

- [1]World Bank.The East Asian Miracle:Economic Growth and Public Policy[M].Beijing:China Financial and Economic Publishing House,1995.
- [2]An Weihua,Qian Xuemei.A New Discussion on Gulf Oil[M].Beijing:Social Science Literature Press,2000 fifty-seven.
- [3]Meng Chun,Feng Shiliang.The overall trend of international crude oil prices and its impact on China's economy and policy recommendations[N/OL].National Research Network,www.drcnet.com.cn.2004-08-20.
- [4]Asian Development Bank.Higher Global Oil Prices:Implications for Developing Asia in 2005[J/OL].Development Outlook 2004 Update,Printed in Malaysia-<http://www.adb.org/Documentfi/Booka/ADO/2004/update/ado2004-update.pdf>.
- [5]OPEC.Oil Outlook to 2025[Z/OL].OPEC Review Paper,www.opec.org.2004.
- [6]Wang Bin.A General Theory of International Regional Industrial Structure Analysis and Its Application to China Analysis of the application of[M].Shanghai:People's Publishing House,2001.