

China's energy policy and oil reserve

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China's economic development

- In the past 20 years since China's reform and opening up to the outside, China's GDP increased with an annual average rate of 9.4%, and becomes one of those countries with the fastest economic growth rate in the world.
- According to China's National Bureau of Statistics (CNBS), in 2003 China's GDP increased by 9.3% and amounted to 12 trillion RMB with the per capita GDP over 1000 US dollars
- With China's continuous and steady development of economy and society, Chinese people's living standards increased continuously. Meanwhile, China's economic development injected vigor into the world's economic growth and many countries benefited from China's high economic growth .
- It is expected that China's GDP will increase by about 9% in 2004 and the country will keep the high economic growth rate in the long term.

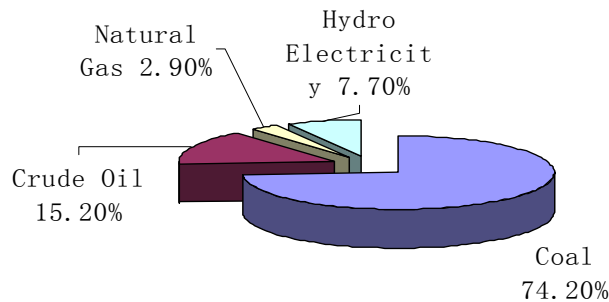
China's energy production and consumption

- According to CNBS, China's primary energy yield was 1.6 billion tons coal equivalents in 2003, accounting for 10.7% of the world's total, among which coal stood at 74.2%, crude oil 15.2%, natural gas 2.9%, and hydroelectricity 7.7%.
- In 2003, China's total consumption volume of primary energy was 1.678 billion coal equivalents, accounting for 11.2% of the world's total, among which coal stood at 67.1%, oil 22.7%, natural gas 2.8%, and hydroelectricity 7.4%.
- The feature of China's energy production and consumption is that the resources are oriented in domestic China with the coal as the majority. According to CNBS, China's raw coal output was 1.667 billion tons in 2003, ranking the first in the world.
- Despite a big country as to energy production and consumption, China's per capita level and energy utilizing efficiency is much lower than that of those economically developed countries.

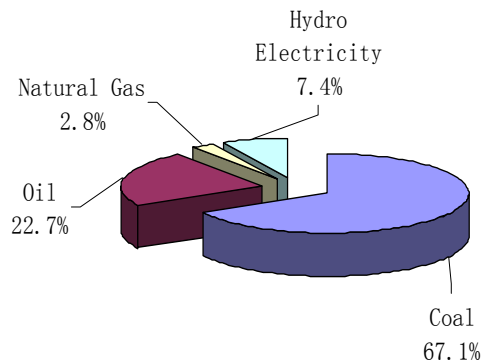
Note: The national data in the speech do not include that of Hong Kong SAR, Macao SAR and Taiwan Province.

Energy production and consumption structure of China and the world

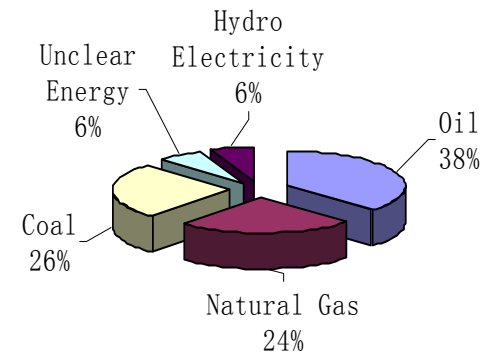
China's Energy Production Structure in 2003



China's Energy Consumption Structure in 2003



World's Energy Consumption Structure in 2003



China's oil production and consumption

- According to CNBS, China's crude oil output was 169 million tons in 2003 ranking the sixth in the world.
- Estimated according to statistics from CNBS and Customs General Administration (CGA), China's oil consumption volume totaled 266 million tons in 2003.
- According to CGA, China's net oil import volume was 97.42 million tons in 2003. Despite the increase of China's oil import volume, China's oil consumption is mainly from domestic resources, which accounts for over two thirds.
- Due to the high oil price of recent years in the international market, China's foreign exchange expenditure on oil import increased tremendously, which causes the heavier burden of Chinese consumers and higher price of production material accordingly. Indeed, China is one of the main victims suffering from the high oil price in the international market.

China's energy policy

- Chinese government attach great importance to energy issues. Prime minister Wen Jiabao pointed, 'We must consider energy as strategic mission of economic development. We must provide stable, economical, clean, reliable, safe energy to guarantee comprehensively building a well-to-do society and support economic development through sustainable development and efficient utilization of energy.'
- China's energy policies include:
 - Put energy saving at first place and improve utilizing efficiency;
 - Optimize energy structure and realizing diversification;
 - Participate in global energy cooperation and development while rooting in domestic exploration;
 - Protect environment ,ensure energy safety and build oil reserve.
- To solve energy problem completely, building scientific developing outlook, converting economy growth mode, propelling industrialization are very important.

China's oil reserve

- Since china became net oil importer in 1993, considering there was almost no oil reserve in the country , to keep away risks the government started to research on building oil reserve.
- Energy Bureau of NDRC is responsible for oil reserve affairs and National Oil Reserve Office takes charge of daily work.
- At present China is building government reserve.Chinese authorities also plan to require companies engaged in producing and trading oil in china to build compulsory storage .
- Government reserve is funded and owned by Central government, the construction is carried by relative state-owned enterprises. The storage will mainly consist of crude oil and some quantity of product oil ,and be reserved above-ground or underground.
- Since China mainly depend on domestic production, Government reserve scale will be adapted to import quantity and national situation.
- The oil reserve building is just on first step and needs a long period, like some high consuming countries which spent 10- 15 years to set up storage systems.

International communication and cooperation regarding the oil reserve

- Many countries have advanced experience in building and managing oil reserve, which deserves to be learned from and used as reference. Chinese government hopes to develop global cooperation in the fields. During last 10 years, authorities and relative enterprises in the country launched communications separately with international organizations, other governments and companies including:
 - IEA;
 - Relative departments of Japanese government and former National Oil Company;
 - Relative departments of Korean government and National Oil company;
 - Governments and relative companies of France, Germany, Holland and other European countries.
- China NDRC and United States Department of Energy hold dialogues periodically and communicate on production, consuming and policy constituting, among which oil reserve is one of the important issues.
- In the future storage building, NDRC Energy Bureau (National Oil Reserve Office) is willing to communicate and cooperation with global friends in energy fields.



Thank You!

Mr. Pei Jianjun's Resume

- Career in energy fields for over 20 years
- In 1982, Graduating from University of Petroleum (East China) with Bachelor degree majored in Oil Refining
- In 2000, graduating from Capital University of Economy And Trade with Economics Master degree
- During Feb,1982-Jun,1992, working in Great Wall Lubricating Oil Company of SINOPEC
- During Jun, 1992- Jul,2003, working in Dept. of National Economy, State Planning Commission
- From Jul, 2003 to now, working in Energy Bureau (National Oil Reserve Office) of China's NDRC