

## **Analysis of China's Oil and Gas Industry Market Status and Development Trends in 2020**

1. China's oil and natural gas reserves account for a low proportion of the world. As an important energy resource, oil and natural gas have an important impact on the country's economic development. The reserves of oil and natural gas play an obvious role in national energy security and stable economic development. my country's oil and natural gas reserves do not have an advantage in international competition.

According to BP data, from 2015 to 2019, China's proven oil reserves continued to grow. In 2019, my country's identified oil reserves were 26.19 billion barrels, but they accounted for a very low percentage of the world, only 1.51%. China's proven natural gas reserves are also increasing, and the growth rate fluctuates. According to BP data, my country's proven natural gas reserves in 2019 were 8.4 trillion cubic meters, a significant increase from 2018, but on a global scale, it only accounts for 4.23% of the world's total.

In terms of oil and natural gas output, with the development of my country's mining equipment and mining technology, the output has continued to hit new highs. According to data from the National Bureau of Statistics, the domestic crude oil output in 2019 was 191 million tons, an increase of 0.89% year-on-year.

Crude oil production will accelerate in 2020 and processing will slow down. From January to November 2020, the cumulative domestic crude oil output reached 180 million tons, a year-on-year increase of 1.6%. It is estimated that in 2020, the total oil production in mainland China will be about 200 million tons.

In terms of natural gas development, from 2015 to 2019, China's natural gas production has increased year by year, and the growth rate has increased overall. According to the National Bureau of Statistics, in 2019, natural gas production was 176.174 billion cubic meters, a year-on-year increase of 10%.

From January to November 2020, 170.2 billion cubic meters of natural gas was produced, a year-on-year increase of 9.3%.

Note: The output growth rate in 2017 was -4.1%.

## 2. China's oil and gas demand is strong

In terms of oil and natural gas demand, my country is a big oil consumer, and oil consumption is increasing year by year, and the growth rate fluctuates. According to data from the China Petroleum and Chemical Industry Federation, in 2019, the apparent domestic crude oil consumption reached 696 million tons, a year-on-year increase of 7.4%. The apparent consumption of natural gas reached 304.79 billion cubic meters, a year-on-year increase of 8.7%.

3. From the perspective of China's oil and natural gas production and consumption ratios, both have a steady downward trend since 2015, and both have obvious characteristics of short supply. In 2019, the proportion of China's oil production and consumption fell from 39.22% in 2015 to 27.44%; while natural gas fell from 69.67% in 2015 to 57.80% in 2019. It can be seen that China's oil and gas industry is heavily dependent on imports to meet domestic demand.

4. China's crude oil is mainly used in petroleum processing, coking and nuclear fuel processing industries. In the application of crude oil consumption, the downstream products of petroleum mainly include gasoline, liquefied petroleum gas, jet fuel, kerosene, diesel, fuel oil, lubricating oil, petroleum wax, petroleum pitch, petroleum coke and various petrochemical raw materials, and are widely used in industry, extractive industry, petroleum and natural gas extraction industry, manufacturing industry, petroleum processing, coking and nuclear fuel processing industry, chemical raw material and chemical product manufacturing industry, electric power, heat production and supply industry, etc.

Among them, petroleum processing, coking, nuclear fuel processing, chemical raw materials and chemical products manufacturing, and petroleum and natural gas extraction industries consume relatively large amounts of crude oil. In particular, the consumption of crude oil in petroleum processing, coking, and nuclear fuel processing industries continues to increase.

Note: The latest data of the current "Energy Statistics Yearbook" is 2017, and the data for 2018-2019 are forecast data, and will not be repeated here. According

to forward-looking data, in 2019, the industries with the largest demand for crude oil (petroleum) consumption in China are petroleum processing, coking, and nuclear fuel processing. Its crude oil consumption in 2019 accounted for approximately 89.51%; secondly, chemical raw materials and chemical product manufacturing. The industry also has a large demand for crude oil, with crude oil consumption accounting for approximately 6.85%, ranking second; oil and natural gas extraction, transportation, storage, and postal services are also among the top five crude oil consumption; crude oil consumption in other industries. The amount is relatively small.

From 2013 to 2019, the consumption of crude oil in China's petroleum processing, coking and nuclear fuel processing industries has shown an increasing trend year by year. From 443 million tons in 2013 to 549 million tons in 2017. Looking forward, China's oil processing, coking and nuclear fuel processing industries will consume about 600 million tons of crude oil in 2019.

5. Natural gas is mainly used in the production and supply of electricity and heat. In terms of natural gas demand, natural gas is mainly used in residents' daily life, manufacturing, power generation and heating, transportation, chemical raw materials and chemical product manufacturing and other fields, and is based on the acceleration of domestic urbanization, rising energy conservation and environmental protection requirements, and infrastructure. With the continuous improvement of policies and the industrial background, after years of development, the scope of application of natural gas has continued to expand, and it is gradually moving towards the main energy source. The prospects are generally optimistic. Among them, the production and supply of electricity and heat, residential consumption, transportation, storage and postal industry, chemical raw materials and chemical products manufacturing industries consume relatively large amounts of natural gas, especially the production and supply of electricity and heat. The amount of natural gas consumed continues to grow.

According to forward-looking calculation data, compared with the structural distribution of oil demand, natural gas consumption demand is relatively scattered. At present, the industry that has the largest demand for natural gas consumption in

China is the production and supply of electricity and heat. The industry's natural gas consumption in 2019 accounted for approximately 20.77%.

In addition, the demand for natural gas in domestic consumption, transportation, storage and postal industry is relatively large, and the consumption of natural gas accounts for more than 10%.

And the chemical raw materials and chemical products manufacturing, extractive industries, petroleum processing, coking and nuclear fuel processing industries, and petroleum and natural gas extraction industries account for a relatively large proportion of natural gas consumption, leading other industries. From 2013 to 2019, the consumption of natural gas in China's power and heat production and supply industries has shown an increasing trend year by year. From 24.45 billion cubic meters in 2013 to 44.61 billion cubic meters in 2017. It is preliminarily estimated that China's electricity and heat production and supply industries will consume about 59 billion cubic meters of natural gas in 2019.

***(Source:<http://finance.eastmoney.com/a/202012151737942123.html>--Qianzhan Industry Research Institute)***