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CENTRAL INTELLIGENCE AGENCY



DIRECTORATE OF INTELLIGENCE

China: Oil Demand Not to Resume Growth

8 February 2002

Flat in 2001

[Redacted]

China's total apparent oil consumption for last year remained at 2000 levels—which saw a jump of 9.1 percent from 1999.¹ Apparent consumption was 4.6 million barrels a day (b/d) last year, according to official Chinese statistics and press reports (see graphic on page 2).

- The lack of growth was mostly due to sharply higher crude oil imports in 2000 that led to an overhang in refined product stocks in 2001.
- Net crude and product imports last year were about 1.3 million b/d according to official Chinese statistics. Domestic oil production was about 3.3 million b/d, according to press reports [Redacted]

Some Growth This Year

[Redacted]

[Redacted]

China's total apparent oil consumption this year could rise by 3.3 percent.

- The higher oil use will be driven by economic growth. Chinese Government and foreign private-sector analysts expect China's real GDP growth in 2002 will be slightly above 7 percent, similar to 2001.
- [Redacted] 80 percent of China's total apparent oil consumption growth this year will be from higher imports. [Redacted]

Outlook to 2010 (C/NF)

Barring a protracted economic slowdown, China's oil requirements will increase over the long term. According to US Energy Information Administration (EIA) and CIA projections, China will consume 6.7 to 7.5 million b/d in 2010, nearly 50 percent higher than year 2000 consumption.

- CIA's baseline projection of 7.5 million b/d in 2010—the same as EIA high economic growth case—assumes annual GDP growth of 7.1 percent and an oil elasticity of 0.7.
- A rapidly expanding transportation sector will account for most of the consumption increase, according to the EIA. [Redacted]

China will become more dependent on imported oil—especially from the Persian Gulf and West Africa—because prospects for a sustained, substantial output boost from its mature domestic oil sector appear poor.

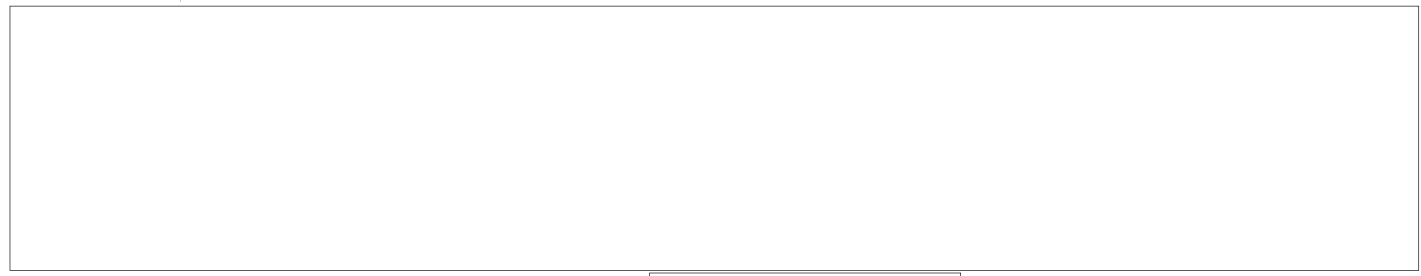
- Persian Gulf and West Africa oil last year accounted for 56 percent and 22 percent, respectively, of China's 1.15 million b/d of gross crude oil imports, according to official Chinese statistics.
- China's oil production will remain stagnant or could decrease by 2010 as aging fields continue to decline, according to Chinese and Western press, the EIA. [Redacted]

CIA/OTI

IA 2002-025

¹ Total apparent consumption is production plus net imports of crude oil and refined product, excluding stocks.

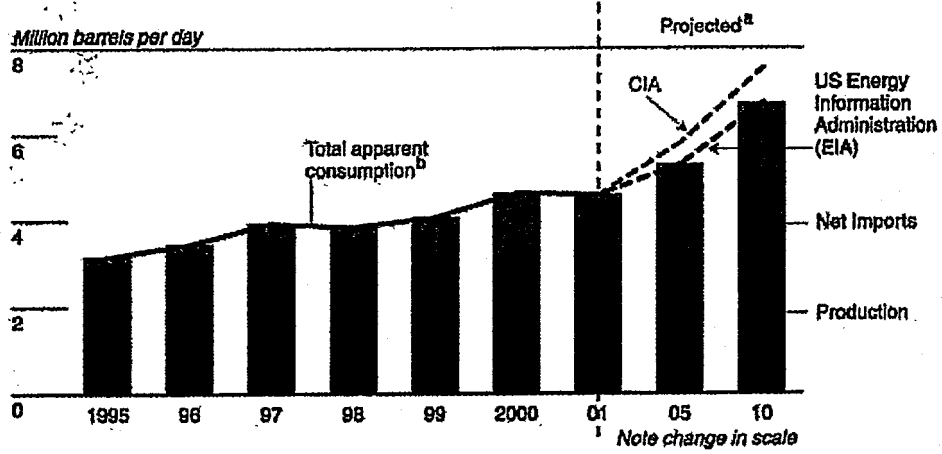
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[Redacted]

Figure 1
China: Oil Consumption, 1995-2010



^a EIA projections.

^b Total consumption is production plus net imports of crude oil and refined product, excluding stocks.

Sources: Press, official Chinese statistics, EIA reference case;

OTI Production 101725/1 2-02