

Chemicals and Marketing

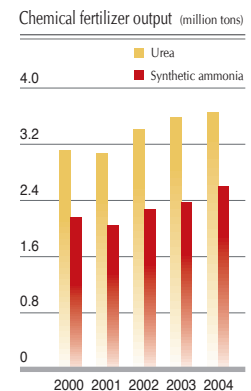
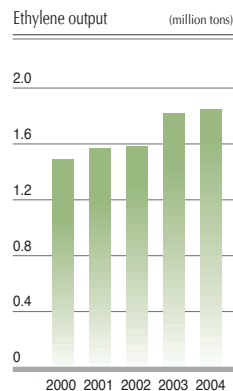
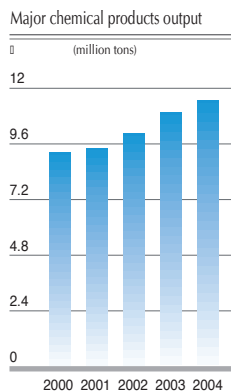


Domestic

In the year 2004, according to the development strategy of "enhancing the strength of its refining and chemicals business," CNPC strived to use the company's superiority in resources and integrated chemicals and marketing management to accelerate the structural adjustment and technical advancement. This in turn brought about higher competitiveness and boosted profitability for the company.

Chemicals production

CNPC's chemical plants were kept at high and stable production in 2004, recording new highs in chemicals output. The total chemicals production for the whole year reached 11.492 million tons, 4.7% higher than that of 2003, among which the production of ethylene was 1.846 million tons, an annual increase of 1.5%. The outputs of synthetic resin, synthetic fiber and synthetic rubber amounted to 2.763 million tons, 297 thousand tons and 334 thousand tons respectively, with an annual increase of 5.3%, 3.9% and 12.1%. In addition, the urea production and synthetic ammonia output totaled 3.652 million tons and 2.601 million tons respectively, an yearly increase of 2% and 10%. Both the production operation and technical-economical indexes have increased continuously while the processing loss ratio greatly decreased.



Installation construction

Structural readjustment and technical renovation has been carried out extensively in 2004. During the year, 11 engineering projects such as the 300kt/a polypropylene unit of Daqing Refinery, the 800kt/a TPA unit of Liaoyang Petrochemical, as well as the chemical fertilizer production capacity enhancement project of Ningxia Petrochemical, have been started. On the other hand, another 11 projects such as the energy conservation upgrade project of ethylene production unit of Jilin Petrochemical, production capacity enhancement projects of the 120kt/a butanol octanol and 140kt/a butadiene units of Jilin Petrochemical, and the 80kt/a acrylonitrile unit of Daqing Refinery, have been completed and put into operation.

Marketing

In 2004, CNPC adopted integrated management philosophy to expand and improve its market presence, further upgraded its local and terminal sales networks, thus both the marketing volume and the sale profits have increased significantly.

The total chemical products sold in 2004 reached 13.05 million tons, an increase of 10.6% over that of last year, with production/sales ratio and the procurement/sales ratio attaining 104.9% and 100% respectively, and a direct selling ratio of 61%.

Overseas

CNPC has established chemical business in Sudan. In 2004, CNPC's chemical plant in Sudan processed 81,000 tons of liquid hydrocarbon, producing 21,300 tons of propane, 19,500 tons of polypropylene, including 18,000 tons of granular materials and 1,500 tons of powder materials.

Domestic chemicals and marketing

	2000	2001	2002	2003	2004
Output of major chemical products (million tons)	9.21	9.43	10.03	10.97	11.49
Ethylene	1.50	1.57	1.58	1.82	1.85
Synthetic resin	1.93	2.17	2.19	2.63	2.66
Synthetic fiber	0.30	0.33	0.31	0.29	0.30
Synthetic rubber	0.22	0.24	0.26	0.30	0.33
Urea	3.11	3.07	3.41	3.58	3.65
Synthetic ammonia	2.15	2.05	2.27	2.36	2.60