



International Trade

In 2004, with rapid rising of crude oil price on the international market, the company enjoyed healthy growth in international petroleum trade with an increasingly expanded business scope. This was achieved through well organized planning, stable operations, and stringent controls on management risk, extensive expansion in international markets, more controls on resource and markets, and the reduction of operating costs.

Over the whole year, CNPC realized a total petroleum trade volume of 57.49 million tons, among which, the trade volume of crude oil reached 41.06 million tons, an increase of 39%. The trade volume of refined oil products reached 15.76 million tons, an increase of 52%, and that of petrochemical products was 0.67 million tons.

During 2004, CNPC made continuous efforts to increase direct trade and work hard to lower trading transactions risk. The company engaged in diversified trading, including the import and export of crude oil and refined products, product processing with materials supplied by clients, oil products exchange, as well as insurance and hedging operations. The company's crude oil trading source shifted from the Far-East regions to regions and countries of the Middle-East, Africa and Russia. Continuous efforts were focused on the traditional market of the Far East. Long-term gasoline and naphtha export contracts were signed with Indonesia, Vietnam and Japan,

along with long-term contracts signed with refineries in South Korea and Taiwan province. At the same time, CNPC also engaged in petroleum arbitrage trading in the North America market. By taking the advantage of trading means like tank or warehouse leasing at home and abroad, the allocation and wholesale of oil products were carried out upon market demand. The acquisition of service stations in Kazakhstan and the HKSAR expanded the company's overseas retail business, prolonged the trading value chain, and enhanced the value of exported products. At the time of consolidating the traditional export markets of paraffin and petroleum coke, chemical products such as pure benzene, butadiene and propylene were developed. The bulk purchase of raw materials also achieved impressive results. Over 2004, the scale and coverage of the company's international trade enjoyed speedy growth.