

## International Trade

Supported by our overseas operation hubs and distribution networks, we conduct trading in crude oil, refined products, natural gas, and petrochemicals, as well as international carbon trading, sales of our overseas equity oil and transactions in oil and refined products futures in over 80 countries around the world. The trade was improved in both scale and operating quality in 2015. Throughout the year, we posted a trade volume of 430 million tons, worth USD168.7 billion.

With improved capability to regulate and secure supply and optimize resource allocation, we reduced purchase cost of crude through groupage, optimized shipping schedule and inventory operation, helping our refining and chemical companies lower their costs and enhance profitability. In addition to maintaining our current advantages in existing markets, we extended our presence in North American and North European markets. We also enhanced benchmark crude operations to enhance cross-region synergy and trading flexibility.

In terms of refined products, we further expanded processing volume of pipeline oil from Russia, conducted naphtha import, deepened trade cooperation with Venezuelan partners, got access to high cost-effective fuel oil and jet fuel resources, and actively participated in Platts window benchmark oil trading. By enhancing cross-market operations and opening more routes, we maintained our position as the largest aviation fuel supplier in Singapore and Hong Kong, and explored new markets in Ireland and Latin America. We also consolidated and increased our market share in Southeast Asia and the Middle East, and even reached the high-end market in Australia, to which we first exported our National V standard gasoline and diesel.

Our natural gas procurement cost was reduced by coordinating and optimizing import schemes for pipeline gas and LNG. Positive results were achieved in the negotiations of the 10bcm/a gas supply contract with Turkmengaz, the gas supply agreement via the Western Route of the Russia-China Gas Pipeline, and volume and price reduction of long-term LNG supply.

As to chemicals business, we built more channels for sulfur export, established a monitoring model for polyolefin production from naphtha, and locked in forward margin by leveraging Singapore's paper market and China's future market. We made satisfactory profits by increasing physical trading of PX and PTA together with arbitrage, financial operations, and inventory operations.

In ocean shipping, we prevented major accidents of oil contamination and cargo damage for many years by effectively controlling risks, and stipulating and amending safety management provisions on prevention and control measures for time-chartered vessels in risky waters. We also optimized the capacity structure of our own fleet of time-chartered vessels with further increased scale and operating capacity.

In Asia, we built and perfected regional network to enhance our cross-area and cross-market operational capability, with our market shares in Myanmar and Sri Lanka exceeding 40%, and our aggregate oil & gas sales volume occupying 22% of Hong Kong's terminal market. We managed to build a regional oil supply network with Hong Kong as the hub and radiation effect to markets like Taiwan and Thailand, and established stable channels for export of jet fuels. We achieved new progress in developing Japanese and Korean markets, with the volume of Middle East crude and South America heavy oil marketed by us increasing by 82% and 20% respectively. In Europe, we successfully developed transit trade of Black Sea heavy oil and entrepot trade in Western Europe. We further optimized the operation of our JV refineries in UK and France, yielding fairly good profits. We won the diesel, jet fuel and marine diesel oil procurement tenders in Tunisia, Ireland and UK Ministry of Defense respectively. We perfected our Brent benchmark oil trading portfolio, and enhanced the degree of our participation in the market. In America, we took an active part in the operation of WTI benchmark oil, achieving crude blending trade and physical delivery of future contracts, becoming one of the largest crude traders in Bakken area of the US. We initiated transit trade of gas condensate and NGL business in the US, and realized direct export of oil products to Mexico and Brazil for the first time. And our crude trading with Brazil witnessed rapid growth.

Trade volume



430  
mmt

Trade value



168.7  
billion USD