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# Changes in Global Energy Pattern and Prospects for Chinese Market Development

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I would like to extend my sincere thanks to the organizer of this event for inviting China National Petroleum Corporation. I am honored to attend this seminar, as a representative of oil Company from consuming countries.

Now I would like to communicate the following opinions on changes in global energy pattern and prospects for China oil development.

## I. Status quo of global oil and gas resources

**Firstly, global oil and gas resources are rich.** In 2011, the global remaining recoverable reserves of oil and gas were 1.52 trillion barrels and 191 trillion cubic meters respectively, which have both increased by 25% compared with 10 years ago. According to USGS research outcome in 2011, the conventional oil and gas to-be-discovered globally are 937.3 billion barrels and 159 trillion cubic meters, that is, 7% and 18% respectively more than the estimation in 2008. Meanwhile, with technological advancement, the exploration and production of unconventional oil and gas have come into reality. The potential resources are much bigger than that of conventional ones in terms of volume.

**Secondly, OPEC is the major contributor of conventional oil production growth.** As the conventional oil production in most non-OPEC countries has reached peak volume, it will decline gradually in the future. It is expected that the future global supply growth of conventional oil mainly comes from OPEC. In 2010-2035, the net increase of OPEC production is expected to be 14 million barrels per day. OPEC share in global oil supply might increase from the current 40.3% to 45%~50%.

## Thirdly, global oil and gas consumption is moving eastward and production moving westward.

In terms of consumption, it is expected that by the year 2013 or 2014, oil consumption in developing countries will reach 46 million barrels per day, exceeding that of developed countries, and will reach 62.7 million barrels per day in 2030, accounting for 60% of world's total. In the coming 20 years, 80% of the oil demand growth will come from Asia-Pacific area, and which will become the biggest gas consumption center as well. In terms of production, the US is accelerating the pace to energy independence, and its dependency on oil import decreased from 60% in 2005 to 45% in 2011, and will further drop to 33% fifteen years later. The exploration and production of unconventional oil and gas resources such as shale gas in US, oil sands in Canada, and heavy oil in Venezuela is most likely to enable self-sufficient supply in the western hemisphere around 2030.

## II. China's oil supply and demand

**In the long term, China's oil consumption will increase continuously.** With accelerating industrialization and urbanization in China, profound changes have taken place in its economic structure and mode of development and consumption. China's energy demand is rigid, and China will be more dependent on international energy market. In 2011, China's domestic oil production was about 200 million tons while its consumption exceeded 450 million tons. It is expected that the consumption in 2030 will reach or exceed 700 million tons. The role of OPEC countries as China's main source of oil importing will be further strengthened.

### III. Status quo and prospect of Sino-OPEC cooperation

In recent years, the cooperation between China and OPEC has been further strengthened, diversified and expanded.

**Firstly, cooperation with OPEC countries has extended into multiple fields.** In the past 5 years, 60-65% of China's imported oil came from OPEC countries. At present, China is cooperating with all the 12 OPEC countries in oil and gas investment, oilfield services, petroleum equipment supply, oil and gas trading and technological exchange. Those jointly have been promoting oil and gas new development in OPEC countries. CNPC has shown its comprehensive strength and international competitive edge, such as, in the Orinoco heavy oil project in Venezuela, and in Iraq's post-war two bidding rounds, and the implementation of the awarded projects.

**Secondly, OPEC joint ventures in China are actively promoted.** In recent years, NOCs from China and OPEC countries witnessed in-depth cooperation mainly by means of large-scale refining projects, for example, Guangdong Jieyang refinery with PDVSA; Kunming petrochemical project with Saudi Aramco; Taizhou refining and chemical project with QP, and Zhanjiang refinery with KPC. Most of these projects will commence construction this year, giving full play to the resource advantage of OPEC countries. Meanwhile, the cooperation between Chinese oil companies and OPEC NOCs will further expand to China's oil product marketing.

Demand and supply structure change makes it certain that the link between China and OPEC

countries will grow even stronger. Our cooperation would bring win-win outcomes in the long run.

This seminar will focus on issues faced by the petroleum sector from a broader aspect. We wish to strengthen the academic exchange in energy field with OPEC, so as to gain more understanding between each other and enhance our cooperation.

Finally, wish this seminar a great success! Thank you.