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HEADLINE: China to boost refining capacity by a third to handle booming energy demand

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China, whose booming economy is expected to see record demand for oil this year, plans to expand its refining capacity by more than a third within the next five years, state media said Tuesday.

By 2010, the country aims to add 100 million tonnes to its refining capacity, on top of its current nearly 300 million tonnes, the Xinhua news agency said, citing the China Petroleum and Chemical Industry Association.

"Fast-growing domestic demand for finished oil products has given full play to the surplus refining capacity that had lain idle for a dozen years," said Tan Zhuzhou, president of the association.

"It has been top of the agenda for the country's oil giants to develop and expand oil refining capacity," Tan said.

China processed a record 273 million tonnes of crude oil last year, up 13.7 percent from the year before, marking the fastest growth rate in three decades.

Boosting domestic refining capacity is a key element in China's plans for coping with its enormous appetite for energy and fits into a larger strategy to rely more on the country's own resources to the greatest possible extent.

"China has the potential to ease its reliance on foreign energy as it has vast oil and gas reserves," Tan said according to the Xinhua report.

Tan's remarks echoed a statement made by Foreign Minister Li Zhaoxing earlier this month saying China would rely mainly on domestic oil resources to fuel its economic growth.

Intensified exploration efforts helped the two biggest oil companies to locate nearly 850 million tonnes of oil reserves in the course of 2004, state media reported recently.

Consumption of crude oil in China, already the second-largest user after the United States, will jump to 320 million tonnes this year, an 11 percent rise over the 288 million tonnes used last year, according to earlier predictions.

A net importer of petroleum products since 1993 and of crude oil since 1996, China is reliant on overseas producers for one third of its supplies, a share that may rise as Asia's second-largest economy continues to expand.

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