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WORK ON LARGE OIL REFINING, ETHYLENE PROJECT STARTS IN NW CHINA

URUMUQI

The foundation stone was laid to the works on a 10 million-ton oil refining and one million-ton ethylene project, the largest oil refining and chemical integrated project of China, on August 22 in the Dushanzi City, northwest China's Xinjiang Uygur Autonomous Region.

The Dushanzi oil refining and ethylene project, built by China National Petroleum Corporation (CNPC), is a key part of the strategic energy cooperation between China and Kazakhstan and also another symbol project of China's efforts in developing the western part.

Construction of the project is of important significance to the implementation of the great western development drive, it may ensure China's energy security and promote the sustained, rapid, healthy and coordinated development of the national economy.

The project, composed of 20 sets of oil refining installations and 12 sets of chemical installations, is estimated to cost 26.2 billion yuan (US\$3.2 billion). The oil refining part will be completed by 2007 and the chemical part, by 2008. Upon completion, the whole project will produce 5.5 million tons of oil products and turn out 1.82 million tons of chemical products. Its annual sales revenue is predicted to exceed 30 billion yuan, and profits and taxes to approach 10 billion yuan.

Dushanzi of Xinjinag is one of the birthplaces of China's oil industry, with a history of oil exploiting and processing for nearly 100 years. The Dushanzi Petrochemical Company is now capable of processing six million tons of crude oil and 220,000 tons of ethylene annually. It is also China's exclusive supplier of oil for special use of ships and imported naval vessels, and also the production base of high-grade lubricating oil, clean fuel and polyolefine. The company realized sales revenue of more than 14 billion yuan and profits of 1.3 billion yuan in 2004. Dushanzi now has become an important petrochemical production base in western China.

The rapid development of the petrochemical industry of Dushanzi is backed up by the high and stable crude output of Karamay Oilfields for years running. The crude output of Keramay Oilfield, the first 10 million-ton oilfield in western China, is expected to reach 11.7 million tons this year.

Dushanxi is the receiving terminal of the China-Kazakhstan oil pipeline, which, starting to be built in September 2004, is predicted to be joined up in December of this year and be capable of transmitting 20 million tons of oil annually.

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