

# THE CHALLENGE AND COUNTERMEASURES BROUGHT BY THE SHORTAGE OF OIL AND GAS IN CHINA

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## 1. GREAT DEMAND OF OIL AND GAS RESOURCES FOR THE ECONOMIC DEVELOPMENT

Since the 1990s, the fast growth of the economy of China has taken house property, automobile, capital construction trade as the leading factors, regarding such trades as the steel, nonferrous metals, building materials, chemical industry, etc. as support, entering a high-sustainable developing stage of heavy-chemical industry. The expanding basis for these industries lies in abundant oil energy and they will suffer great impact without stable supply of oil and gas. In this way, to guarantee the economic development of our nation needs a certain amount of oil supply.

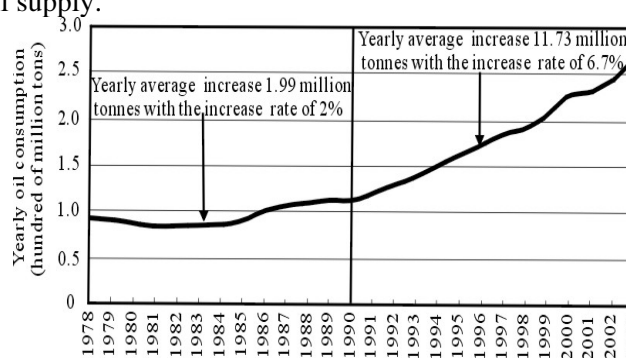


Figure 1 China's oil consumption increase figure in recent years

## 2. THE OIL AND GAS PRODUCTION IN CHINA CANNOT MEET THE DEMAND OF ECONOMIC DEVELOPMENT

The sustainable and rapid development of China's economy and its growing mode all need a large number of oil and gas resources as guarantee. But meanwhile, though the exploration level in China belongs to medium-ripe stage compared with the whole world, the main oil fields of our country have entered a descending stage in production generally. It is harder and harder to steady the production. And the exploration difficulty of other new oil fields is also increasing with bigger cost of exploration. This results in the great shortage of oil and gas resources, which fails to meet the demands of economy development

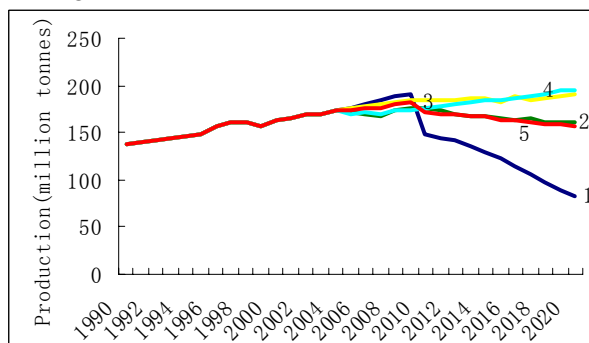


Figure 2 Prediction on China's oil production by different scholars

1. Baoshen Guo's Prediction 2. Wenrui Jia's prediction 3. Shuling Mou's prediction

#### 4. Pingping Shen' prediction 5.average production

### 3. CHALLENGE BROUGHT BY THE SHORTAGE OF OIL AND GAS AND COUNTERMEASURES

The great demand of oil and gas caused by the rapid development of economy and the slow increase of domestic oil and gas production have resulted in the shortage of oil and gas in our country. Meanwhile it is a difficult problem and challenge faced by us. So it is a task of our petroleum staff to fully realize the severity of this problem and take effective measures to solve it in time.

The solution to this problem is: While keeping a steady production of the domestic crude oil and fastening the development of natural gas, improving the utilizing efficiency of oil and gas resources, looking for substitute energy resources and the fundamental solution is to save oil and gas resources for the sustaining development of our country.

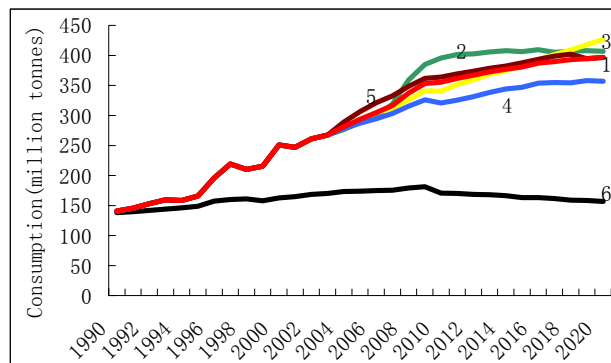


Figure 3. Prediction on oil demand in China by different scholars and departments  
1. Average prediction 2. Tsing Hua University's prediction 3. Rong Zhang's prediction  
4. Shuling Mou's prediction 5. Mineral Ministry's prediction 6. Average production

### 3. CONCLUSION

Oil and gas resources are the most important strategic materials to ensure the national economy, politics and military security. Since the foundation of the state, the oil industry of our country has made enormous achievements. The annual production of crude oil rises to 1700 million tons in 2003 from 120,000 tons in the early days of our liberation, making important contribution to national economic and social development. However, with the ever-increasing growth of national economy, the imbalance between supply and demand of energy especially oil and gas resources is becoming more and more severe, which has already become the main bottleneck restricting economic and social development.

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