

MASTER'S THESIS

Sectoral consumption of oil in China, 1990-2006

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Sectoral Consumption of Oil in China, 1990-2006

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**A thesis submitted in partial fulfillment of the requirements
for the degree of
Master of Philosophy**

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ABSTRACT

The People's Republic of China, a large country, has a territory of 9.6 million km² and had a population of approximately 1.3 billion in 2007. Since economic reforms began in 1978, China's real gross domestic product (GDP) has grown rapidly, with an average annual growth rate of 9.8% during 1978-2007. At the end of 2008, its nominal GDP reached \$4,401.6 billion, making China the third largest economic entity. A country's demand for energy tends to mirror the size of its economy. China's primary energy consumption amounted to 2,654.8 million tons of coal equivalent in 2007, representing 16.8% of the world's total and second only to that of the United States.

China is now the second largest oil consumer and third largest oil importer. Whereas China's oil production has increased slowly, its oil consumption has grown rapidly, from 114.9 million tons in 1990 to 366.5 million tons in 2007, yielding an average annual growth rate of 7.1%. China's oil consumption surpassed its oil production in 1993, and as a result, it became a net importer of oil, with net oil import dependency soaring from 7.5% in 1993 to 50.4% in 2007.

This dissertation is a comprehensive study that examines the past to try to understand the future. It investigates the patterns of, and factors involved in, Chinese oil consumption during 1990-2006 to understand changes in demand and shed light on the future development of China's oil market. The research distinguishes itself by taking into account all oil-consuming sectors, ranging from power generation, petroleum refining, heat supply, gasworks, industry, transport, agriculture and household to commerce. The findings of the study contribute to academic research in this field and have practical implications.

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