



Does China read Econbrowser ?

Posted by [Heading Out](#) on July 27, 2005 - 5:39am

(I'm sorry but I find this funny - in the Rayce update Minnesota is back in the lead since, among other things, Michigan was apparently penalized for speeding. The race ends in Calgary tomorrow about 1 pm).

The rising price of oil is obviously having some effect on overall demand. Realistically it is first being felt in the poorer nations of the world. Indonesia, despite its OPEC representative wanting higher prices, is domestically hurting as the price rises. [Bolivia](#) is seeing riots over what should be done with their natural gas supplies; [Yemen](#) is seeing riots following the doubling of gas prices. Yet there is some ingenuity in the world, in [Papua New Guinea](#) they are using coconut oil from abandoned coconuts to power a truck.

Rising prices may also be having an effect on both [Indian and Chinese demand](#). And this may have a global effect, since it was their unanticipated increase in demand last year, which caught a number of people by surprise.

Analysts said the market had been reacting in part to Chinese and Indian import figures, which pointed to slowing demand in both countries.

"We've got slightly lower levels of demand, so imports are lower" in both countries, Investec analyst Bruce Evers said.

Indian crude imports retreated by 13.5 per cent in June, official figures showed yesterday.

The previous day, China said its crude imports dipped 3.5 per cent in June compared with the same figure last year. That suggested a demand growth rate of 3.9 per cent in 2005 compared with 15-per cent rate in 2004.

Now while these are potentially just ripples on the tide, as I have commented before, I do remain a bit more curious about Chinese demand. The curiosity arises because they have just built the capability to create a Strategic Petroleum Reserve, with the initially stated intention to start filling it next month.

So far I have not seen anything that suggests that they have changed their mind on this, and if they follow [Econbrowser's economic philosophy](#), then surely they should start buying now, while the price is potentially "reasonable" relative to what it will be tomorrow.

Perhaps a little patience is in order while we wait to see what the next month or two will bring.

UPDATE Thanks to Oil Trader, who caught that the oil import numbers for India were wrong I

have deleted them from the quote. A quick check shows that Indian oil activity can be [summarized as](#)

India ranks sixth in the world in terms of petroleum demand, of which 70 per cent is met through import of crude oil. By 2010, India is projected to replace South Korea and emerge as the fourth-largest consumer of energy, after the United States, China and Japan.

India's crude oil production rose 2 percent to 34.04 million tonnes, or about 680,000 bpd in 2004/05 but imports rose 5.4 percent driven by higher domestic sales and soaring exports.

Imports rose to 95.3 million tonnes, or about 1.9 million bpd, in the year to March 31 from 90.40 million tonnes in the previous year. Crude oil imports have risen faster than domestic demand because of growing exports of refined products.

Exports of refined products in April-February, the first 11 months of the fiscal year, rose 24.8 percent to 16.1 million tonnes.

Sorry for not catching that!

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