

Analysis of China's Oil Economy Development Based on the Background of Economic Globalization

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Abstract: Under the impact of economic globalization, oil is the lifeline of the country's economy and its international market is highly competitive. China now occupies an important position in the development of the world economy, and its consumption of energy such as oil is huge and mainly relies on imports. Based on this economic pressure, this paper will study the current situation and problems of China's oil economy in the context of economic globalization and analyze its future development path with the help of data on China's apparent oil consumption, imports, domestic production and import dependency in recent years.

Keywords: Economic Globalization; Petroleum Economy; Development Status

1. Introduction

Oil is related to the security and development of a country's overall situation, and directly affects the national economic development rate. Whether in industry or agriculture, and even based on political influence, can not be separated from oil, it can be said that it is closely related to economic development, social stability, national security, for all levels of social economic development and construction have an important impact on the role. Under the continuous promotion of economic globalization, the demand for oil from various countries is increasing, and the limited oil resources have led to more and more fierce competition in the market. In addition, due to the limited domestic crude oil production, the domestic supply and demand is not equal, China's oil dependence is large, and the situation is increasing year by year. In view of all these situations, the future development of China's oil economy is serious. The study of its development status, development problems and explore the development path is worthy of our consideration, so as to realize the breakthrough and innovation of China's original industrial economic development, in line with the current economic globalization and the development of the new normal.

2. The current situation of China's petroleum economy development

Since the founding of New China, China's petrochemical industry has been continuously improved and innovated, and has developed to a sound industrial structure system, which has occupied an important position even in the international arena. In recent years, due to the rapid development of the national economy and the continuous improvement of people's living standards, China's demand for petroleum resources has surged. In addition, the rapid growth of the global economy has also greatly increased the demand for oil in other countries, and the problem of resource shortage has come to the fore. The optimization and upgrading of the crude oil industry, the improvement of the utilization rate of oil and gas resources, the innovation of oil exploration, and the introduction of relevant methods are the existing methods proposed by China for the development of the current situation. Then, the current situation of China's oil economy development is mainly as follows.

2.1 Oil consumption is in short supply

From 2010 to 2020, The apparent consumption of crude oil in China has been increasing year by year, reaching 439.29 million tons in 2010, while the domestic production is basically at around 20 million tons, even with a low production of 97.15 million tons in 2020. With less production and more demand, the gap in oil supply is getting bigger and bigger, which restricts the development of the national economy and causes the development of China's petrochemical industry to hit a bottleneck, which also leads to another development status - oil is mainly dependent on imports.

2.2 Major dependence on oil imports

The scarcity of domestic crude oil resources means that imports from abroad are inevitable in order to meet the current needs of domestic economic development. As early as 2010, China's import dependence reached 53.7%, already more than half of the demand for crude oil, and as high as 70.8% in 2020. Moreover, the trend of economic globalization is bound to intensify the demand for oil in the world. The non-renewable nature of oil leads to limited reserves and unlimited demand, which will surely lead to a series of more problems.

2.3 Single channel for oil imports

China's crude oil imports in 2019 will mainly come from the Middle East, Africa, Russia and South America, accounting for a combined 95%, especially the Middle East, which accounts for 48% of total imports. The huge amount of imported crude oil makes the import risk multiply. For example, in terms of transportation methods, the transportation of oil in the Middle East, except for a small portion through pipelines and other transportation methods, most of the other by sea road, is bound to pass through the Strait of Malacca. The Strait of Malacca, as an international strategic location, poses great security risks, which means that in the event of weather or other political factors or conflicts, China will be in an extremely passive situation, posing a threat to its single oil transportation route.

3. China's oil economy development problems

3.1 Low resource reserves and difficult development

China is an international oil-poor country in terms of reserves and distribution of oil and gas resources, and along with the rapid development of society and decades of industrialization, it has consumed a very large amount of energy. ^[1]Due to technical and financial constraints, many shallow oil resources have been exploited, while those located in the deep sea, plateaus, glaciers and other hard to exploit resources are difficult to be explored, and often require strong technical and financial support to be fully utilized. All these constraints force us to continuously improve oil development technology and optimize the development structure. In addition, the study of upgrading the oil industry and improving the utilization rate of oil is also a practical way to alleviate the resource problem.

3.2 Fierce competition in petrochemical technology

With the upgrading of the strategic structure of the international market, many large foreign monopolies in the oil industry continue to strengthen the research and development of new technologies on the one hand, and invest in oil extraction to improve the oil yield and utilization rate, and have many patented monopoly products; on the other hand, they continue to deepen their share and position in the market. Their advanced technology, advanced production equipment, and continuous optimization and upgrading, and continuous development of newer research, strengthen the monopoly of high research technology products. Such enterprises occupy the corresponding patented technology and core technology, and use the authorization to monopolize the international petrochemical industry market, and constantly build up the threshold to achieve the application and control of advanced technology. ^[2]This has an extremely negative impact on domestic enterprises. At present, there is a lack of such high-tech products in China, and the monopoly of such enterprises will have a direct impact on the development of domestic enterprises in the international market, so we need to

speed up the process of new technology development.

3.3 International crude oil prices climbing

Along with the growth of crude oil demand, the reduction of crude oil stocks, international oil prices are also rising, China is purchasing crude oil, it needs to consume more money for oil imports. Due to the rapid rise in oil prices, it largely increases the consumption of foreign exchange reserves, which may lead to a decrease in trade surplus or an increase in deficit, which is not conducive to maintaining project balance, repaying foreign debts and investing in construction, and firstly, it directly affects the transportation industry and generates a series of chain reactions, bringing great impact to the sustainable development of China's national economy. In addition, the rise in oil prices will intensify the competition for oil resources among countries and strengthen the political and other frictions among major oil consuming countries.

4. China's Petroleum Economic Development Road

4.1 Innovation of petrochemical technology

In the face of the scientific research and innovation of large international monopolies, constantly competing for the oil market under the pressure of competition, China should innovate and develop oil extraction technology and new products to achieve industrial upgrading. Nowadays, it can be seen that, compared with some foreign enterprises, China is relatively weak in technological innovation level, which limits our competition in the international market. The intensification of competition in the international market will certainly urge us to research in industrial and product innovation and upgrading, improve productivity, and eventually make domestic enterprises adapt to social development and progress, and take their place in the effective market competition.

4.2 Building a resource-saving society

China is a vast and abundant country, and is among the world leaders in terms of resources. At the same time, with a large population and scarce resources per capita, the demand for resources is huge and there is a shortage of resources. Therefore, in this situation, we need to improve technology and increase the rate of energy development on the one hand, and promote social transformation to build a resource-saving society and improve the utilization rate of resources on the other. In response to the country's promotion of ecological civilization, we will strengthen the effective use of energy and enhance people's awareness of resource conservation, so as to achieve sustainable development.

4.3 Adjusting the strategy of oil enterprises

After China entered the World Trade Organization, Chinese petroleum enterprises will gradually face the international market for development, and also directly face the competition from large international oil monopolies. The key still lies in the innovation of technology and industrial structure, so as to increase the competitive advantage, turn the defense mode into active attack, and walk in the forefront of the international market. Actively participate in international market competition and international market development, making full use of existing resources and policies.

4.4 Strengthen international cooperation

The "One Belt, One Road" initiative has brought development opportunities to the cooperation of China's oil industry. Southeast Asian countries are important countries along the "Belt and Road", and they have abundant oil and gas resources. China should strengthen cooperation with Southeast Asian countries to pursue mutual benefits and win-win situation, achieve strategic promotion, achieve the ultimate strategic goal and promote strategic transformation.

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