



Sinopec employees check natural gas equipment in Guangyuan, Sichuan province, in June. HU QINGMING / FOR CHINA DAILY

Oil demand set to slow

Move toward energy efficiency, quality to drive down gasoline, diesel usage

By ZHENG XIN
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Despite oil demand rising 5.5 percent year-on-year to 11.77 million barrels per day in 2017, oil consumption, including gasoline and diesel, is expected to fall gradually over the next five to seven years, as China focuses more on energy efficiency and quality.

Li Li, energy research director at ICIS China, said despite the fact that peak consumption of oil is yet to come and gasoline and diesel are still dominant in the transportation sector, consumption growth has been slowing in recent years.

She said gasoline and diesel demand will slow with downward pressure in five to seven years, due to growth in alternative and renewable fuels, expansion of vehicle sharing, increasing ethanol-based gasoline supply, as well as expansion of high-speed rail networks.

China's shift from quantity to quality, improved energy efficiency and tight environmental control will further cap oil consumption, she said.

According to S&P Global Platts China Oil Analytics, apparent oil demand is expected to rise by 500,000 barrels per day in 2018, equivalent to year-on-year growth of 4.2 percent.

This is also in accordance with forecasts from Sinopec's and China National Petroleum Corp's research institutes, which expect oil demand growth will slow from more than 5 percent in 2017 to over 4 percent in 2018, based on the assumption that China's GDP will grow 6.7 percent in 2018, slower than 6.9 percent in 2017.

Wang Lu, Asia-Pacific oil and gas analyst at Bloomberg Intelligence, said the slowing growth rate is mostly due to alternative fuel vehicles, which has in turn dented China's transport oil demand.

"China's oil demand will drop and gasoline consumption will weaken in the 2018-20 period, due to surging sales of alternative-fuel vehicles," she said.

"The government's pollution fight to tighten fuel-efficiency standards is also dampening transport oil demand, while

higher oil prices enhance the economics of natural-gas vehicles."

Wang said gasoline demand, which already fell 0.02 percent from a year earlier in June, weakened by strong electric vehicle sales, is likely to moderate to 2 percent this year, due to a sales surge of alternative-fuel vehicles and fuel-efficiency gains, while bike-sharing is denting short-distance driving as well.

Bloomberg Intelligence estimates that growth in China's gasoline demand may slump in 2019-20 on the country's mandate for 10 percent ethanol blend by the end of the decade.

On the other hand, China's diesel demand, which fell 4.5 percent in June and 2.7 percent in the first six months of 2018 compared with a year earlier due to the slowdown in industrial output growth, is also likely to remain weak as the nation's economy shifts toward consumption and services and away from heavy industry, she said.

Wang said increasing numbers of electric vehicles running on the roads as well as heavy-duty trucks powered by liquefied natural gas also weaken the demand for diesel.

Production of large LNG trucks broke records in 2017 with a total of 96,000 vehicles

produced, compared with 19,600 in 2016. Insiders estimate demand for natural gas powered trucks is likely to continue to rise this year, especially in the logistics, postal services and public transportation sectors.

Several ports in China, including those in Hebei and Shandong provinces and Tianjin Port, have already replaced diesel trucks with railways to carry coal, according to local environmental authorities.

Diesel is the largest component of China's major oil products, so any slowdown in its use will dent demand for oil products, Wang explained.

China raised the retail prices of gasoline and diesel in early August, with retail prices going up by 70 yuan (\$10.2) per metric ton for the two types of refined oil products, according to the National Development and Reform Commission.

Major Chinese oil companies, including CNPC, China Petrochemical and China National Offshore Oil, are asked to ensure a stable supply and pricing.

The commission said it would closely monitor the effects of the current pricing mechanism and make changes in response to global fluctuations.

Guitar sector innovation strikes a chord in Guizhou

By ZHU WENQIAN
in Beijing and YANG JUN
in Guiyang

Guitars have become big business in Zheng'an, a small county in Guizhou province in Southwest China, where locals are not only manufacturing and exporting the instruments globally, but also cultivating related talent.

In 1995, Zheng Chuanjiu and his brother, natives of Zheng'an, went to Guangzhou in Guangdong province to work at a guitar plant, where they were later promoted to management positions. In 2013, the two brothers started their own factory in Zheng'an, and the guitar business in the county started to emerge.

Last week, 20 guitar enterprises from Guizhou and other provinces signed deals with Zheng'an with a total investment of 840 million yuan (\$122 million). The agreements involved the production of guitars and parts.

"We sell more than 3,400 guitars every day, and the supply is inadequate to meet the demand. We also cooperate with e-commerce shopping platforms like Tmall and JD," said Zhao Shan, general manager of Guizhou Beijaer Instruments Co Ltd, which is located in Zheng'an's international guitar industrial park.

Last year, Zheng'an produced 5.06 million guitars, and the output value reached 5 billion yuan. The instruments were exported to more than 30 countries and regions globally, including the United States and Brazil, making up nearly one-third of the export value of guitars made in China.

This year, Zheng'an aims to achieve an annual production volume of 6 million guitars and output value of 6 billion yuan. By 2020, it is expected to achieve annual production of 10 million guitars and output value of 10 billion yuan, according to the local government.

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"In the next few years, Zheng'an plans to establish the world's largest guitar

museum, the most high-end guitar concert hall, the best guitar studio and the most comprehensive guitar production line," said Wu Qi, head of Zheng'an county.

"We will push forward the transformation of the guitar sector from production to self-innovation, and upgrade the product structure from low-end to middle and high-end," he said.

The county has developed more than 20 guitar brands, as the local government has encouraged enterprises to strengthen technological innovation and brand building.

So far, Zheng'an has attracted 37 guitar makers and 17 related enterprises to set up companies there, and the county has become a center for guitar lessons, bands and performances.

Zheng'an is endeavoring to cultivate more guitar-related talents. Some vocational middle schools in the county have launched professional training programs, including classes focusing on production and playing, and all middle schools and primary schools in the county include guitar playing on their curricula.

Zhao Yandi contributed to this story.

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Workers assemble guitars at Zheng'an's international guitar industrial park. ZHAO YANDI / FOR CHINA DAILY

Industrial shift brings migrant mothers home

CHANGSHA — Chen Jianling couldn't be happier these days. The 35-year-old mother of two has secured a stable job near her rural home and can now look after her children after work.

Chen comes from Sanmenzhai village in Jianghua Yao autonomous county, Central China's Hunan province. Jianghua, located in the mountainous region of Nanling, one of the country's poorest counties.

For years, Chen and her husband had to travel away from home as migrant workers, leaving their two children behind with their grandparents.

Chen's story is not uncommon. In 2016, there were more than 9 million left-behind children across the country and 90 percent of them lived in the less-developed central and western regions. Hunan now has about 700,000 left-behind children.

As industries in more prosperous coastal regions have been facing pressure from rising labor costs in recent years, the transformation and upgrade has forced many labor-intensive businesses to move inland, bringing vast numbers of jobs and creating chances for migrant worker mothers to return home.

Two years ago, after learning that Jianghua was attracting businesses from coastal areas, Chen decided

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The favorable policies and great investment environment have made the inland areas more appealing.”

Yang Yangfang, chief technology officer of Dongliang Wood Industry

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the number of left-behind children in Hunan province



Workers process electronic products at a production plant in Huaying, Sichuan province. ZHOU SONGLIN / FOR CHINA DAILY

"Working near home feels so different, I can spend time with my children while still earning money," she said.

The industrial park now employs more than 10,000 people, with an annual per capita income of 30,000 yuan

(\$4,360). Another 400 companies in the county have provided 9,000 jobs for local residents.

Pan Jinying is another mother who has returned home to work in Jianghua. In February, she found a job

in a clothing factory and earns about 1,000 yuan a month.

The 39-year-old has two children, a 17-year-old son, and an 8-year-old daughter. Pan said she hopes her son can enter her factory to work there as a technician, and she will have more time taking care of her daughter who is still in elementary school.

In 2012, Dongliang Wood Industry moved its manufacturing base from Guangdong to Jianghua's Mashi Township, creating more than 100 jobs. "The favorable policies and great investment environment have made the inland areas more appealing," said Yang Yangfang, chief technology officer of the company.

Yang is originally from Shaoyang in Hunan. She started the timber business with her husband in Guangdong in the 1990s and now she is bringing the business back to her hometown.

"I love my hometown, and I enjoy my life here," Yang said. "My children were born in Guangzhou, and when they grow older I think I will stay in Hunan."

In Jianghua, across Hunan and other inland areas of China, more and more working mothers are now able to return home.

Chen says the best aspect of her life is watching her children grow each day.

XINHUA

Russians flocking to border city for medical treatment

CHANGCHUN — It took Dmitrii three days on two flights and a cross-border bus to reach his dentist and have his teeth repaired.

But for the 32-year-old Russian who lives in a village near the Arctic Circle, the recent trip to Hunchun, a small Chinese city on the border, was worth the effort.

"The dentists here are skillful and charge a reasonable price," said Dmitrii, who spent about 10,000 yuan (\$1,450) to get his teeth repaired. "In my hometown, the same treatment would cost me more than three times that price."

Besides the considerable price difference, Dmitrii also likes not having to wait long for an appointment. "In Hunchun, you can just walk into the clinic and get the treatment immediately," he said.

Artem Kechin, who came to China with Dmitrii, went to Hunchun's traditional Chinese medicine hospital for a spine treatment. He plans to have an operation the next time he visits the city.

"In Russia, more and more patients are embracing Chinese dentists and TCM. Seeing doctors, along with traveling and shopping, are what draw Russians to China," Kechin said.

Over the past five years, an

average of 300,000 Russians a year traveled to Hunchun, with many of them being medical tourists. This influx of patients has seen the number of local private dental clinics increase to nearly 100.

In the city's TCM hospital, massage practitioner An Sheng was busy treating Russian patients.

"We treat around 50 Russian patients every month," he said. "Massage, moxibustion and cupping are especially popular among Russians who suffer from spinal osteoarthritis, slipped disks, diabetes and high blood pressure."

To better serve foreign patients, the local government has set up a center to collect and provide information on hospital charges and introduced a rating system for hospitals to encourage better services.

Many hospitals have also hired Russian translators and set up designated areas to attend to Russian patients.

Besides treating Russian patients, medical institutions in Hunchun are also looking to promote TCM in Russia.

"To meet the high Russian demand for TCM, we will strengthen our cooperation with Russian hospitals in the future," An said.

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