

# Another Refinery Closure in California Increases States Dependency on China



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May 2, 2025

With an upcoming Valero Refinery closure in California, the 5th largest economy in the world will be more dependent of China for its demands for transportation fuels and oil derivatives to make products.

Over the last several decades, California's passion to transition away from fossil fuels has overregulated and overly burdened just the SUPPLY of oil production and refining but has not reduced the increasing materialistic DEMANDS of the world for the more than 6,000 products and transportation fuels made from those fossil fuels. Thus, China is savoring the future with their many refineries coming online to meet the DEMANDS of society.

The recent announcement that the [Valero Benicia Refinery in Northern California will be closing by the end of 2026](#) was disappointing, but shockingly, a prelude to more closures in the future. The Valero refinery at Benicia represents almost 9% of the state's crude oil processing capacity to meet the materialistic demands of the States' residents.

Just last year, [in October 2024, Phillips 66 announced that it would close its Wilmington-area refining complex this year,](#)

which will further reduce the state's gasoline, diesel, and aviation fuels production capacity, wiping out more than 8% of the state's crude oil processing capacity. [Losing another 1.3 billion gallons in annual gasoline output will only worsen the state's supply challenges](#) to meet the demands.

Governor Newsom's policies, just on the "supply" side of the equation, continue to force California, the 5th largest economy in the world, to be the only state in contiguous America that imports most of its crude oil demands from foreign countries. California crude oil production is in terminal decline, driven by the lack of drilling permits, despite ample reserves. That dependence on foreign imports has [increased imported crude oil from foreign countries from 5 percent in 1992 to more than 60 percent today](#) of total consumption.

The West Coast gasoline, diesel, and aviation fuels market is isolated from other supply/demand centers as California is an energy island isolated from all States East of the [Sierra Mountains. The Sierra Mountains are a natural barrier that prevents the state from pipeline access to any of that excess oil](#) from fracking East of the Sierra Mountains. As such, the West Coast is susceptible to unexpected outages of West Coast refineries as it is unable to backfill an unexpected loss in supply of crude oil.

Because California is an isolated energy island market with no incoming oil pipeline connections over the Sierra Mountains from other states, in-state refinery closures will increase importation to meet demands for transportation fuels – sourced primarily from foreign countries like China, Saudi Arabia, Ecuador, Iraq, Columbia, and Russia.

California transportation fuel demands have staggering numbers from the in-state refineries:

- With all its 145 airports, inclusive of 9 international

airports and 41 military airports, that demand 13 million gallons of aviation fuel daily. In 2019, California consumed 16.7% of the national total of jet fuel, making it the largest consumer of jet fuel in America.

- For its 30 million vehicles, California is the second-largest consumer of motor gasoline among the 50 states consuming 42 million gallons a day of gasoline, just behind Texas.

- [Diesel fuel is the second largest transportation fuel used in California](#), consuming 10 million gallons a day of diesel to support the state's 35 million registered vehicles.

- California refineries supply 45% of Arizona's and 88% of Nevada's transportation fuels, so any disruption in California impacts all three states.

- California's northern and southern fuel supply systems are not connected, requiring ocean-going vessels to transport fuel between them. The efforts of California toward the oil production and refining "supply" have had minimal impact on the growing materialistic "demands" of what is made from those fossil fuels.

- The mandating for a transition to EV's has had minimal impact on gasoline consumption as most EV's are second vehicles for low milage usage. The workhorse vehicles for major milage demands are still reliable and affordable internal combustion engines.

- Hospitals and airports continue expanding to meet the demands of society. Both hospitals and airports did not exist 200 years ago as they only exist today because of the more than 6,000 products and transportation fuels made from fossil fuels.

Today, Asia is the region with the greatest number of future petroleum refineries. As of 2021, there were [88 new refinery facilities in planning or under construction in Asia](#) for manufactured gasoline, diesel, and aviation fuels used by every transportation infrastructure, and the military, as well

as the manufactured oil derivatives that are the basis of most every product being used by mankind.

In the more immediate term, China has plans for multiple new refineries, with at least five projects expected to be completed by 2028, and another three new refineries by 2030, contributing to a broader shift towards integrated [petrochemical facilities](#).

- These eight new refineries include the Yulong Petrochemical complex and the [Huajin Aramco Petrochemical Company](#), as well as expansions to existing refineries like the [Sinopec Gulei refinery](#).

The upcoming closure of Phillips 66 Refinery in 2025, and the Valero Refinery in 2026 will not reduce the materialistic demands of society for the products and fuels from those refineries. The state will obviously be importing less crude oil to refine, but instead, will be importing transportation fuels manufactured in China, the same transportation fuels that are no longer manufactured at those two closed California facilities. Yes, the big winner to meet the continuously increasing demands for the products and fuels from refined oil, appears to be China.

On another front, the current “tariff wars with China” received repercussions from China. China controls most of the rare earth’s metals around the world, thus it is a national security risk to America! They are now playing those cards, which will start to impact the supply chain of those materials to meet the demands of USA manufacturers.

- China has halted critical exports as the trade war intensifies. [China has suspended exports of a wide range of critical minerals and magnets](#), threatening to choke off supplies of components central to the demands of automakers, aerospace manufacturers, semiconductor companies and military contractors around the world.

- Shipments of the magnets, essential for assembling everything from cars and drones to robots and missiles, have been halted at many Chinese ports while the Chinese government drafts a new regulatory system. Once in place, the new system could permanently prevent supplies from reaching certain companies, including American military contractors.

With closure of the Phillips 66 Refinery in 2025, and the Valero Refinery in 2026, a similar national security concern would result from our growing dependence on China to meet the humongous demands for transportation fuels by California, Arizona and Nevada.

Compounding the growing need for more importation to meet the materialistic demands of society will be the West Coast port's ability to receive transportation fuels as marine facilities in California face increased congestion and dramatic vessel limits.

It's obvious that the Net-Zero emission policies within California, and their lack of comprehension of "supply AND demand", and the subsequent over regulations, mandates, and taxes just on the SUPPLY side of the equation, are causing a national security situation for the entire country's DEMANDS for the products and fuels made from the fossil fuel industry. In the meantime, China is silently supporting the efforts of California and savoring the future with their many refineries coming online to meet the materialistic DEMANDS of society.

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