
Lukoil to expand Asia oil products trade in H1 of 2010

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Reuters citing Mr Gati al-Jebouri CEO of Litasco as saying that LUKOIL Asia-Pacific will expand its trading business in this region, especially in naphtha and fuel oil by H1 2010.

He said that this is to position itself for sustained demand growth in Asia, which the firm is increasingly turning to for its exports, because the impact of the recession on the sector has not been very severe, even as it looks towards recovery in 2010.

Mr Gati said "We are looking to grow our business across the board in Asia, Singapore in particular, adding that LUKOIL has its strength in fuel oil and naphtha in this region."

LUKOIL refineries have a throughput of 2.2 million barrels per day and exported around 6 million tonnes of fuel oil into Asia last year. Figures for 2009 were not immediately available. The company which has just started exporting naphtha this year has so far shipped out 120,000 tonnes of the petrochemical feedstock to Asia since January.

Traders said although this makes up less than 5% of an estimated 3.2 million tonnes of naphtha which had streamed into Asia from the West since January this year, it is still a breakthrough for Lukoil.

Mr al-Jebouri said "We believe there are opportunities especially with the low freight rates at the moment. He said that we had seen some changes in our trading team over the past six months. And with respect to growing the business, watch this space there will be some interesting news within the next six months."

He added that "I am very disappointed. He is a true asset for Lukoil. He said the impact of the downturn on the oil industry has been milder than expected."

Mr al-Jebouri said "But we are not out of the woods yet. We have to wait and see how things will pan out in the next three to four months. He said that he expects global crude benchmarks to average at USD 60 to USD 70 a barrel this year. He said governments in consuming countries could start to pull back their stimulus packages next year as they emerge from the downturn, but he still expects Asia's oil products demand to grow.

He added that "My personal view is that demand in Europe will go down marginally next year."

Mr al-Jebouri said "In Asia, the question is how much will demand increase. On a severe downturn, I would expect to see around 2% growth. If we were to continue on moderate downturn, growth will likely be around 4% to 5%. He added that that he personally thinks that growth will be around 2%."

(Sourced from Reuters)

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