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Refiners in Gulf capacity
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Refiners in Gulf build capacity

China and India will be included with shortfall expected

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Gulf refiners are expanding their capacity at home and in international markets such as China and India, racing to meet the shortfall in products expected by 2021.

Bakheet Al Rashidi, the chief executive of Kuwait Petroleum International (KPI), said demand for refineries would continue to grow until 2025. "It is slowing down, though, with the average capacity per refinery in the Middle East, China and India at 200,000 barrels per day (bpd)," he said at the Mideast Gas and Petroleum Conference

in Dubai on Monday. "Most refineries are finding that business is moving east."

He said Kuwait Petroleum International would continue to increase refining capacity domestically, but also grow its business where there is demand, concentrating on Africa and Asia. "We want to invest in big integrated refineries in Kuwait or where there's demand growth such as Indonesia, China and India," Mr Al Rashidi said.

China and India account for 80 per cent of Asia's refined product demand growth. Increased refinery run rates in China, capacity additions and high stockpiles in the region are a drag on profitability, according to Moody's. However, the country's refined product demand is projected to grow at 3 per cent this year, while India's petrole-

um consumption is forecast to increase 6 per cent.

Dubai's Emirates National Oil Company, or Enoc, said that while it would like to look at one or two pilot projects abroad there was still plenty of opportunity at home.

"There's still a great deal of investment that we need to do in terms of catching up in demand. It's clear that we didn't invest in retail operations as we should have mostly because of the gasoline subsidy challenges that we had and the refining expense in itself is significant," said Petri Pentti, the chief finance officer of Enoc.

Refining margins depend on demand growth remaining strong, according to the London-based energy industry consultants, Facts Global Energy.

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