

Turkey's LSFO Imports on the Rise while HSFO Exports Set to Disappear

Reflecting relatively low oil prices and rising electricity demand, Turkey's LSFO (1%S max) imports jumped 16 percent from 758 kt in 2013 to 883 kt in 2014. The top three source of LSFO imports — Italy (222 kt), Portugal (130 kt), and Israel (123 kt) — account for over half of total LSFO imports (see the accompanying table). Of the 883 kt of imported LSFO in 2014, 711 kt was imported by Tüpraş and 172 kt was imported by local distributors. There is a rise in LSFO imports in 2015, with first quarter LSFO imports up 3 percent to 285 kt. For full year 2015, imports are expected to exceed those of 2014, according to a presentation by Penthol's Hakan Erkoc at World Fuel Oil Summit VIII in Athens on May 21-23, 2015. World Fuel Oil Summit VIII was hosted by the Public Power Corporation of Greece and organized by Axelrod Energy Projects. Since Turkey does not produce any LSFO, it must all be imported. While no Turkish customs tax applies to fuel oil of EU origin, the 3.5 percent customs tax applies to fuel oil of Russian origin. The accompany table shows Turkey's LSFO imports by source.

Turkey's electricity demand increased by 4 percent from 246 TWh in 2013 to 255

TWh in 2014. Turkey's major sources of energy for power generation are natural gas, coal, and hydro power. Two power plants owned by EUAS — Ambarlı (330 MW) and Hopa (50 MW) — rely on fuel oil and have jetties for waterborne delivery. Ambarlı plant had been consuming approximately 630 kt of fuel oil per year but plans to reduce fuel oil use to 300 kt per year due to displacement by natural gas. Fuel oil plays a back-up role when hydropower is insufficient and/or when natural gas supplies are limited. In addition to power, fuel oil plays a role in some industrial outlets.

In recent years, most of Turkey's fuel oil production has been exported. Tüpraş produced 3.5 million mt of HSFO in 2014. In 2014, Tüpraş exported 3.16 million mt of HSFO (including 1.20 million mt of No. 6 Oil and 1.96 million mt of RMG 380). Of the 1.20 million mt of No. 6 Oil exports, the primary destinations were Malta (762 kt) and Cyprus (166 kt). Of the 1.96 million mt of RMG 380 exports, the leading destinations were Malta (730 kt), Spain (329 kt), and Saudi Arabia (166 kt). See the accompanying tables on Tüpraş' fuel oil exports.

In line with the new Residual Upgrade Project (RUP) at Tüpraş' 251 kb/d İzmit refinery, which has been undergoing test runs, Tüpraş will cease to export HSFO. Some 4.2 million mt a year of residue (3.04 million mt of atmospheric residue and 1.21 million mt of vacuum residue) from Tüpraş' 226 kb/d Aliaga and 113 kb/d Kırıkkale plants will move to İzmit for upgrading into lighter products. With the coker up and running, İzmit will produce nearly 700 kt per year of petroleum coke. The \$3 billion project includes a 47 kb/d vacuum distillation unit, a 52 kb/d delayed coker, and a 50 kb/d hydrocracker. In the aftermath of the RUP,

TURKEY, REFINERIES & SELECTED POWER PLANTS



TURKEY, LSFO (1% MAX) IMPORTS BY SOURCE

(Thousand Metric Tons)

	2013	2014
Italy	422.3	222.0
Netherlands	75.0	83.6
Belgium	–	91.9
France	60.0	63.9
Spain	55.7	–
Israel	43.3	122.7
Norway	27.7	–
Portugal	–	130.5
Sweden	25.0	–
Romania	24.9	72.0
Malta	10.3	31.5
Finland	8.0	–
UK	6.0	–
TOTAL	758.2	882.8

Source:TUIK.

Tupras will continue to produce 2 million metric tons of bitumen.

The Turkish bunker market runs about 1.5 million metric tons a year. Some 50,000 vessels pass through Turkish straits a year, of which about 20,000 vessels per year receive bunker supply (accounting for about 1 million mt per year of Turkey's bunker sales). Turkey's major ports are: Kocaeli, Ambarli, Aliaga, Mersin, and Iskenderun. ■

TUPRAS OF TURKEY, NO. 6 OIL EXPORTS BY DESTINATION

(Thousand Metric Tons)

	2013	2014
Malta	537.8	761.9
Spain	232.7	–
North Cyprus	144.0	166.3
Gibraltar	32.8	62.9
Egypt	–	33.0
UAE	–	30.7
Italy	–	29.0
Algeria	–	24.9
TOTAL	947.3	1,204.7

Source:TUIK.

TUPRAS OF TURKEY, RMG 380 EXPORTS BY DESTINATION

(Thousand Metric Tons)

Country	2013	2014
Malta	259.4	729.8
Singapore	202.4	147.7
Spain	133.0	329.3
Italy	76.9	92.4
Saudi Arabia	–	166.5
Gibraltar	–	98.0
Others	463.9	394.5
TOTAL	1,123.6	1,958.0

Source: TUIK.