

India Exporting Less Fuel Oil on Back of Refinery Upgrades

In recent years, India's fuel oil exports have decreased substantially as resid-exporting refineries have added cokers and other refinery upgrading units. Under the cir-

cumstances, Indian fuel oil exports declined from 6.16 million mt in FY2013 to 2.80 million mt in FY2015 (ending March 2016). Following the installation of cokers, for example, Essar Oil's fuel oil exports have become minimal and Bharat Petroleum Corporation no longer exports fuel oil from its Kochi refinery. In early 2016, when crude prices were in the \$50/bbl range or lower, India started to burn fuel oil and even naphtha for power. India is aggressively putting in LNG facilities. Several LNG facilities have been built and others are either under construction or consideration. That said, given that India is a major coal producer, coal continues to be the fuel of choice for power generation in India, according to presentation by Rupak Sinha of Swiss Singapore Overseas Enterprises at World Fuel Oil Summit IX in Athens on May 20, 2016. The summit was hosted by the Public Power Corporation of Greece and organized by Axelrod Energy Projects.

Pakistan's LSFO imports appear to have decreased somewhat owing to the start of LNG imports in March 2016. However, the impact seems to be muted by the need for fuel oil to make up for reduced hydropower

owing to drought. Overall imports of fuel oil (HSFO and LSFO) by Pakistan run about 500 kt a month. Pakistan plans to expand and build another LNG facility that could further reduce dependence on oil. However, in the near term, Pakistan will continue to need large quantities of imported fuel oil to meet electricity demand.

Bangladesh heavily depends on LPG for power as well as various transportation needs. During the last three or four years, Bangladesh has witnessed the construction of several dual fuel power plants based on fuel oil and natural gas. Port infrastructure as well as storage are major issues requiring attention. Bangladesh imports 60-70 kt of fuel oil per month. Like other countries in the subcontinent, Bangladesh is considering LNG.

In the context of the region, Sri Lanka is

a relatively small consumer of fuel oil. Depending on the types of crude processed in the Sri Lanka refinery, the country could be either an importer of fuel oil for power generation or an exporter. Based on the refinery's crude slate, Sri Lanka can on occasion be slightly short of fuel oil. Generally, Sri Lanka consumes 30-40 kt per month of 1.8%S fuel oil. The bunker demand in Sri Lanka runs 20-30 kt per month.

In the Asian subcontinent as a whole, the prospects for electrification are tremendous. Less than 50 percent of rural areas have power. At least half of power generation is based on coal. In all countries of the region, there is a large push toward LNG at the same time as Indian refiners are putting in cokers and crackers to destroy fuel oil. ■

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