

# China: Growth of bonded bunker market and challenges

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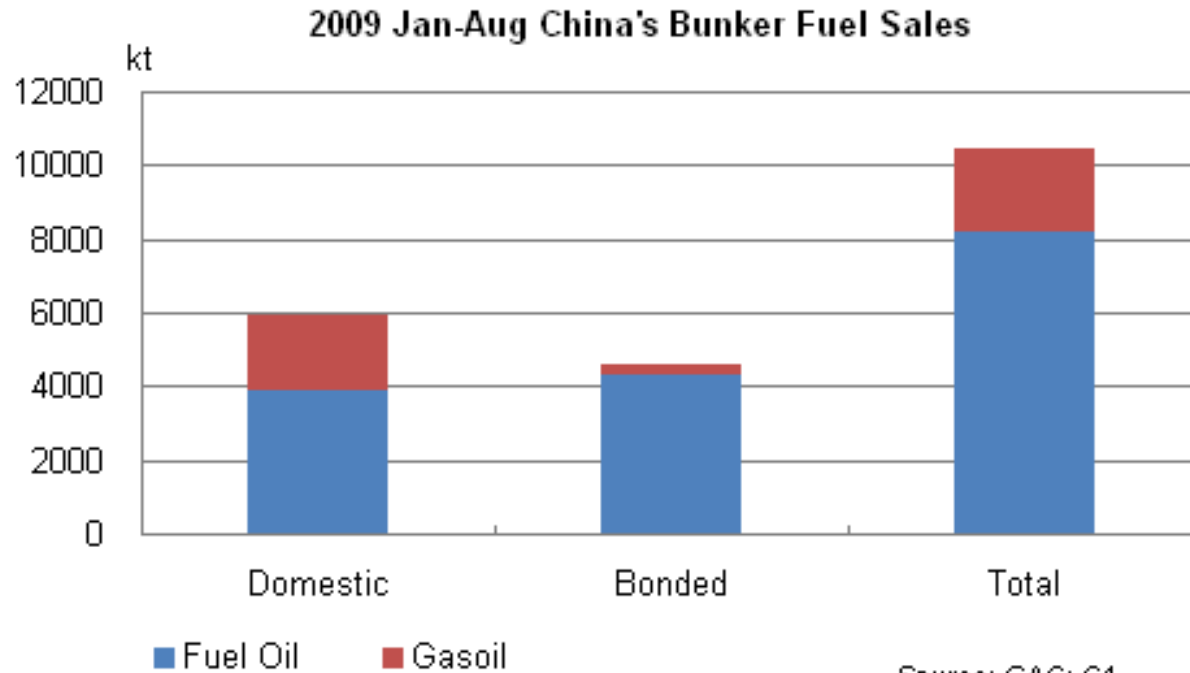
C1 Energy

Nov 4, 2009

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- Overview of China's bunker market
- Trade flow in China's bunker market
- Relative policy
- Outlook and challenges

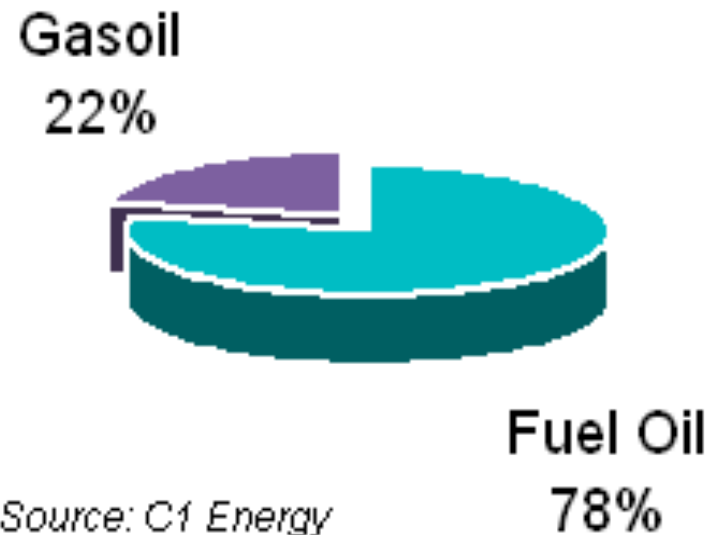
# China's Bunker Fuel Market Structure



- Bonded fuel oil sales first time overwhelms domestic fuel oil sales
- Domestic bunker sales shrank by 4% due to the injured trade; While bonded sales won fresh blood from freer trading environment, up 10%

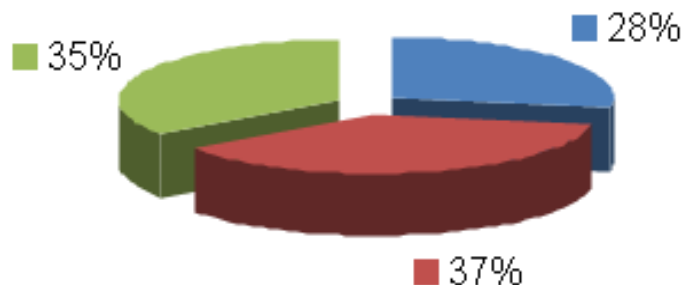
# China's Bunker Fuel Component

- Unlike neighboring country, China have a high proportion of MGO, 33% in the domestic pie, and 22% in the total
- Gasoil mainly used in the Yangzi River
- In bonded market, fuel oil share reaches 94%



# Consumption by region

China's Bunker Consumption -by region (Jan-Aug,2009)

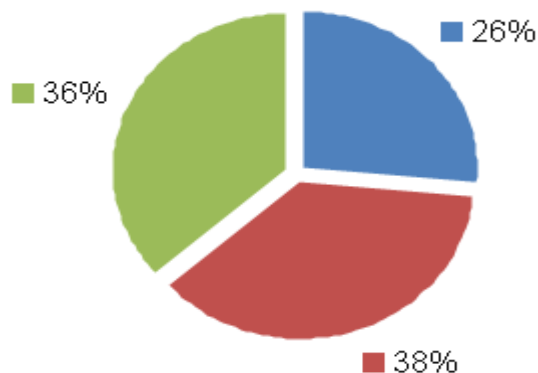


■ Bohai Bay

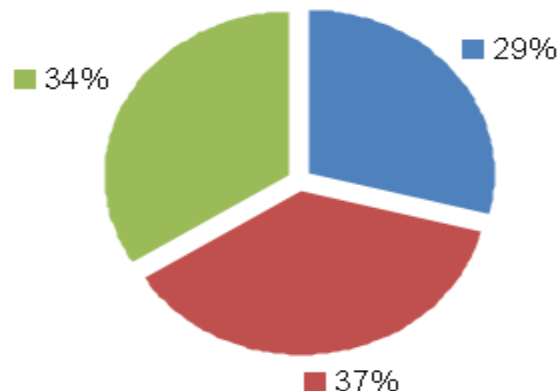
■ Yangtze Delta

■ Pearl River Delta

China's Bonded Bunker Consumption -by region (Jan-Aug, 2009)



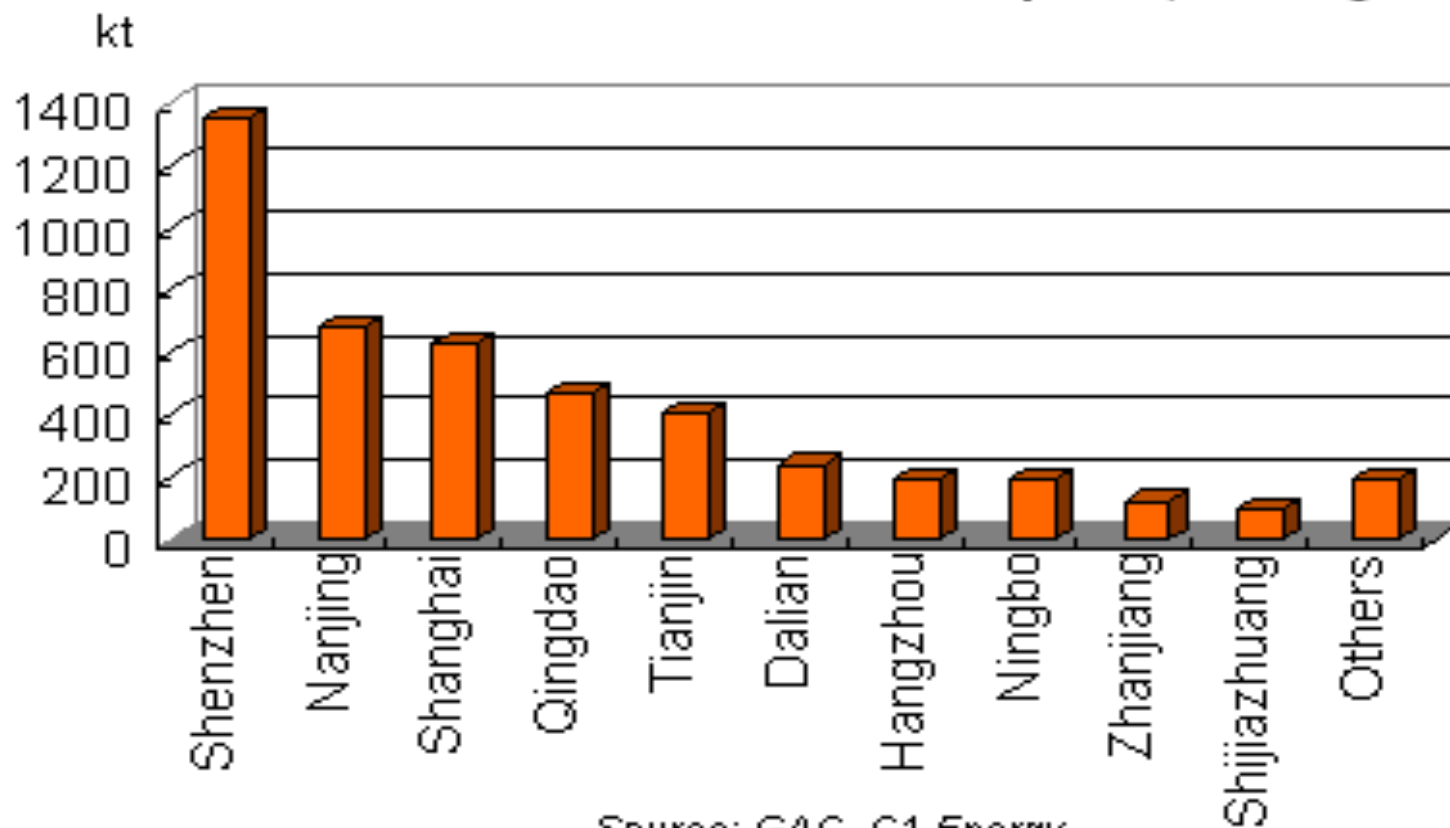
China's Domestic Bunker Consumption -by region (Jan-Aug, 2009)



Source: C1 Energy

# Consumption by region –conti.

**TOP 10 Ports in Bonded Bunker Fuel Consumption (Jan-Aug, 2009)**



Source: GAC, C1 Energy

# Major Players (2008)

Short name	Player	Fuel oil (,000 mt)	Gasoil (,000 mt)	Total (,000 mt)	Market Share
Chimbusco	CHIMBUSCO	1,060	41	1,100	16%
	CHIMBUSCO Shanghai	812	66	878	13%
	CHIMBUSCO Qingdao	758	22	780	12%
	CHIMBUSCO Tianjin	596	19	615	9%
	CHIMBUSCO Ningbo	381	19	400	6%
	CHIMBUSCO Dalian	308	19	327	5%
	CHIMBUSCO Zhoushan	151	22	173	3%
	CHIMBUSCO Guangzhou	112	15	128	2%
	CHIMBUSCO Fujian	53	5	58	1%
	<b>Subtotal</b>	<b>4,231</b>	<b>228</b>	<b>4,459</b>	<b>67%</b>
	Shenzhen Brightway	1,956	0	1,956	29%
	CNPC-TAFO Corp	120	23	143	2%
	China Changjiang Bunker (Sinopec)	94	15	109	2%
	SinoBunker	10	0	10	0%
	<b>Total</b>	<b>6,411</b>	<b>266</b>	<b>6,677</b>	<b>100%</b>

Sources: General Administration of Customs (GAC)

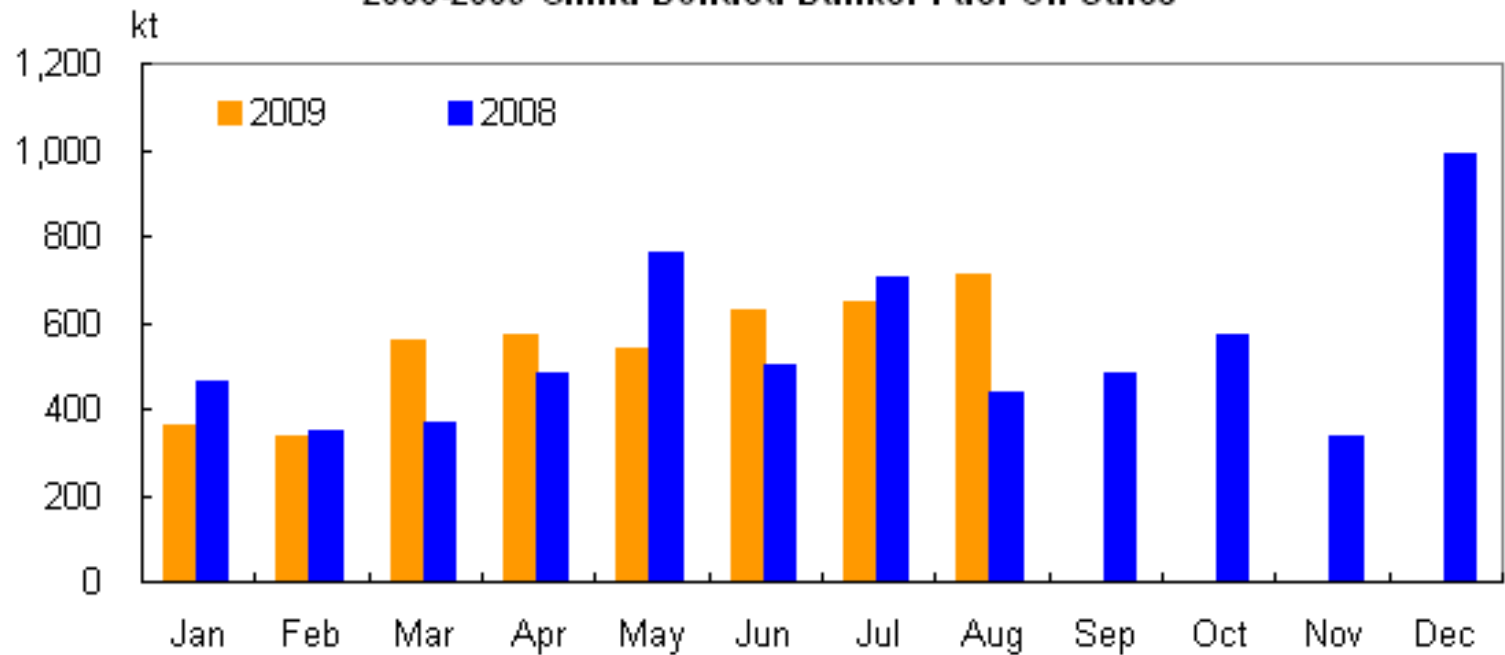
# Major Players (Jan-Aug 2009)

Unit: 1,000mt

Company Name	Fuel Oil	Gasoil	Total	Market Share %
Chimbusco	2850	200	3050	66.59
Shenzhen Brightway	1200	0	1200	26.20
CNPC-TAFO	120	20	140	3.06
China Changjiang Bunker (Sinopec)	80	40	120	2.62
SinoBunker	60	10	70	1.53
<b>Total</b>	<b>4310</b>	<b>270</b>	<b>4580</b>	<b>100.00</b>
Source: GAC,C1				

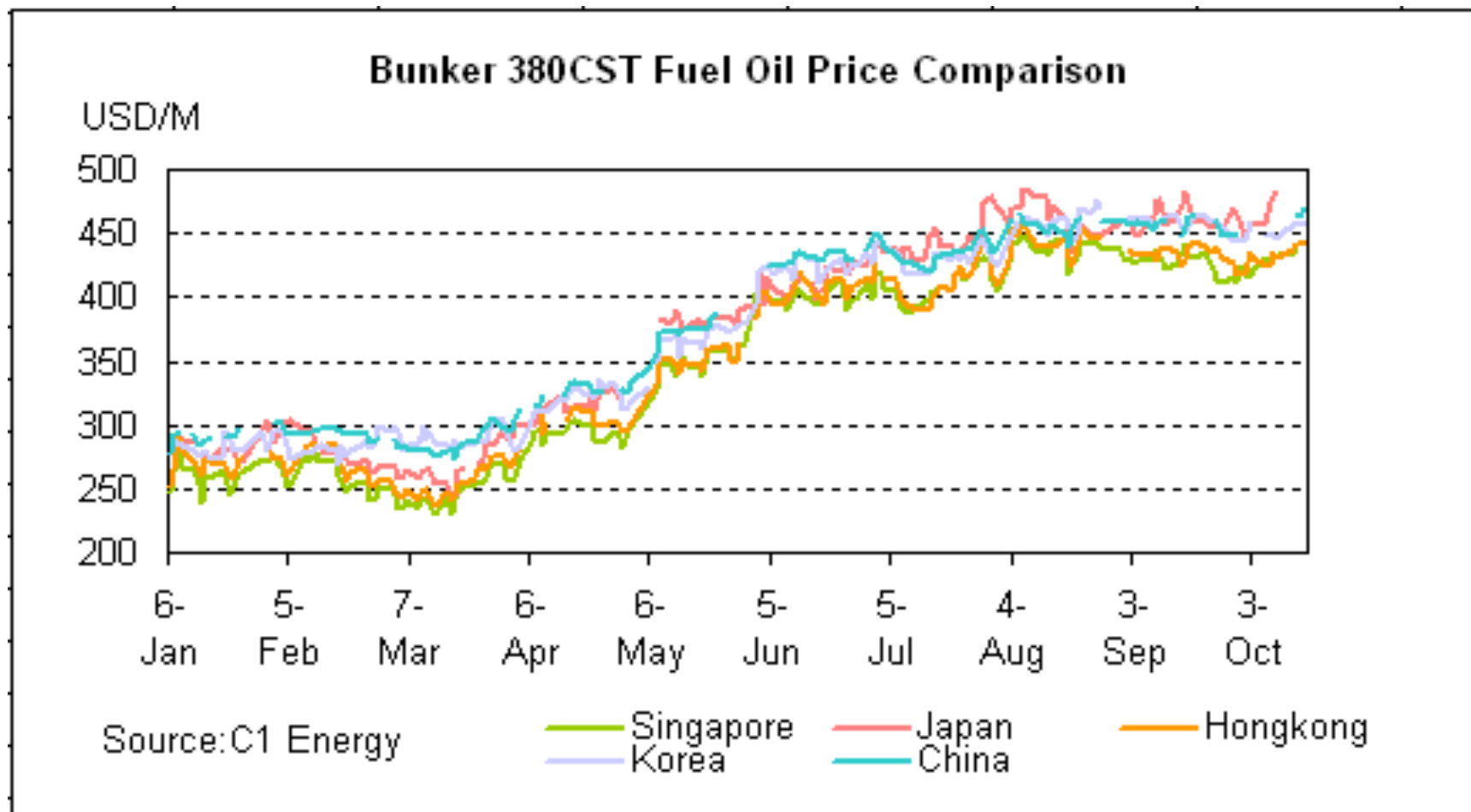
# Bonded Bunker Sales Monthly Fuel Oil

2008-2009 China Bonded Bunker Fuel Oil Sales



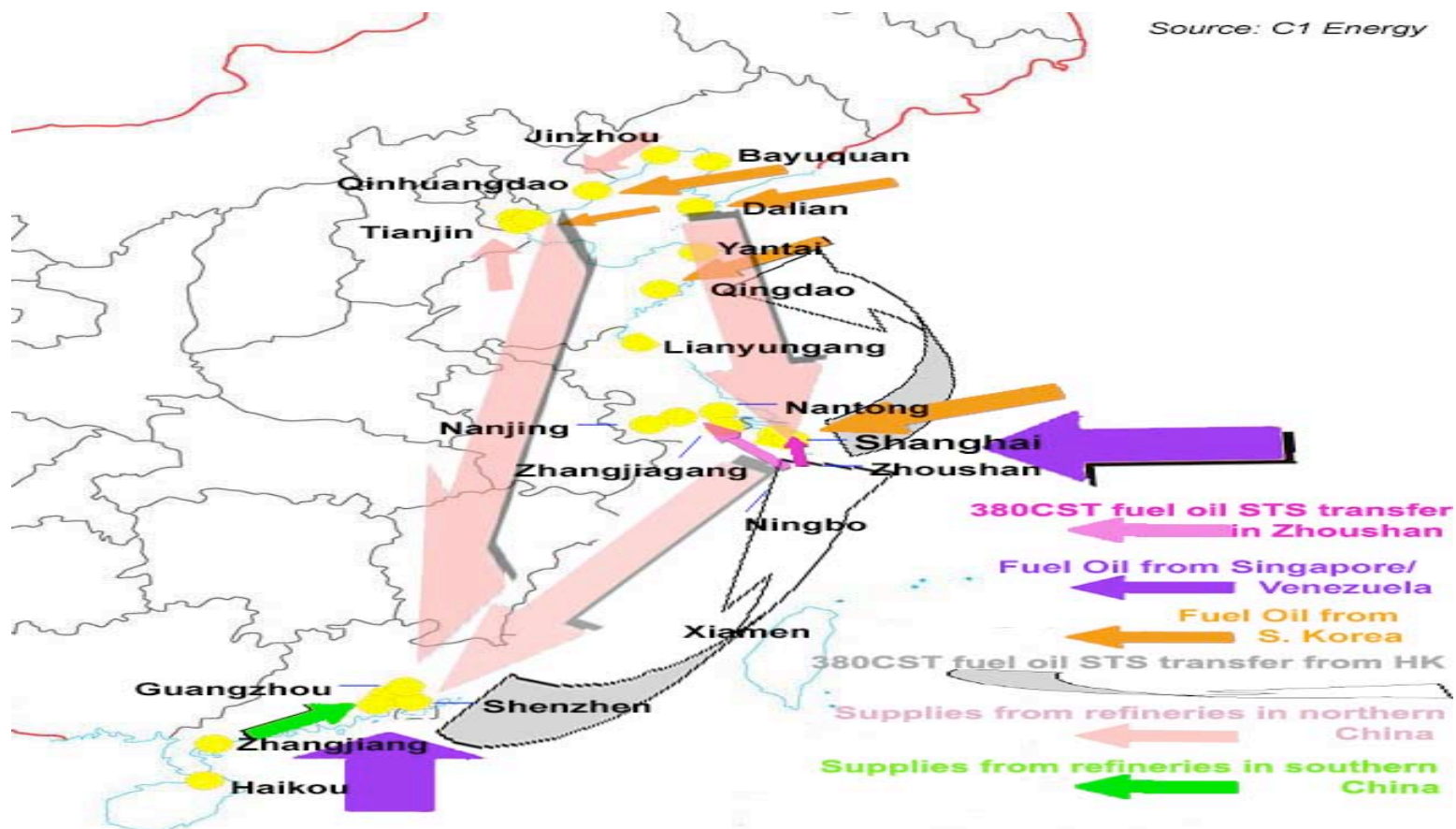
Source: GAC; C1 Energy

# Price Comparison



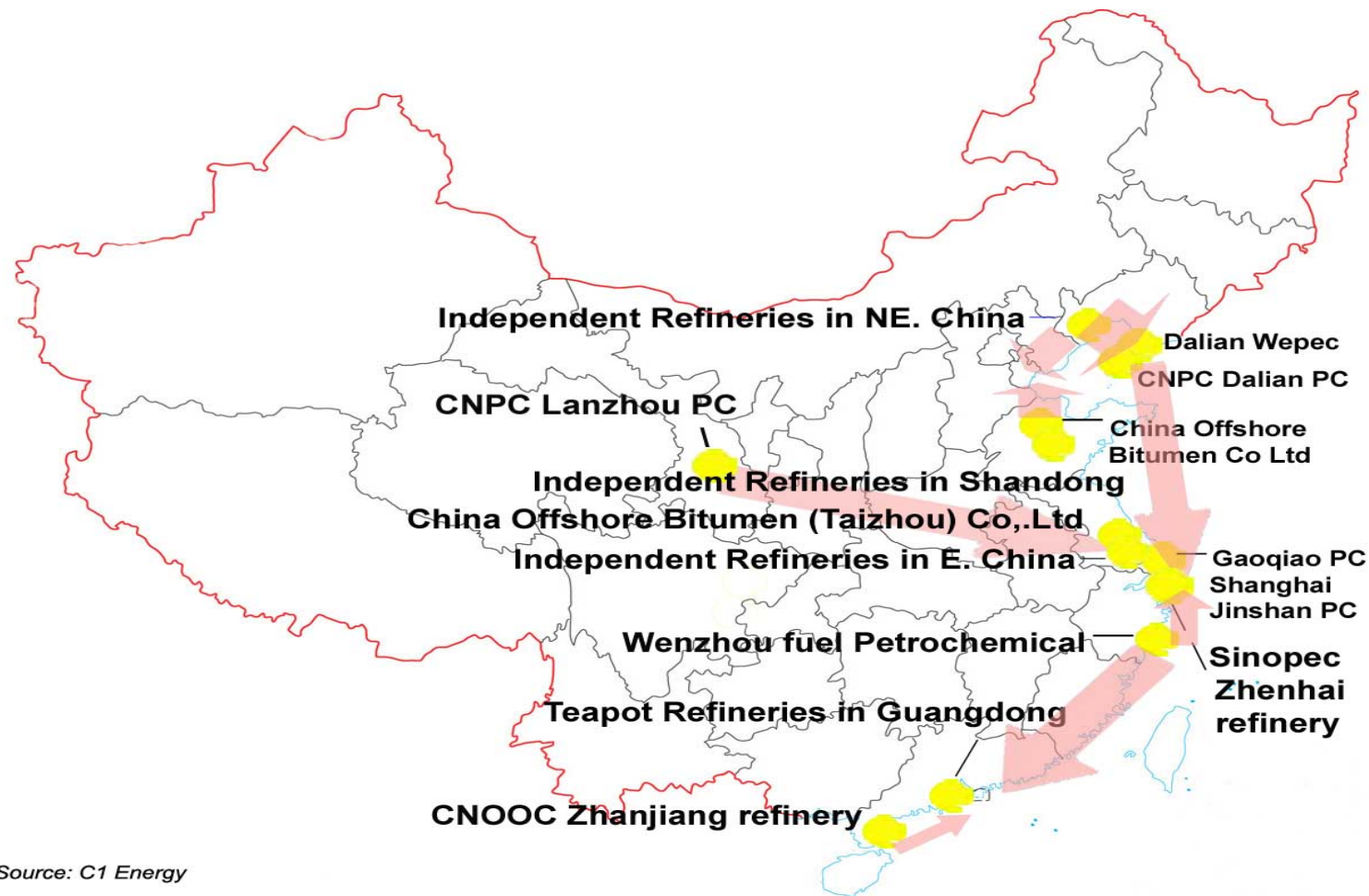
- Overview of China's bunker market
- **Trade flow in China's bunker market**
- Relative policy
- Outlook and challenges

# Supply Flow of Bunker Fuel Among Ports



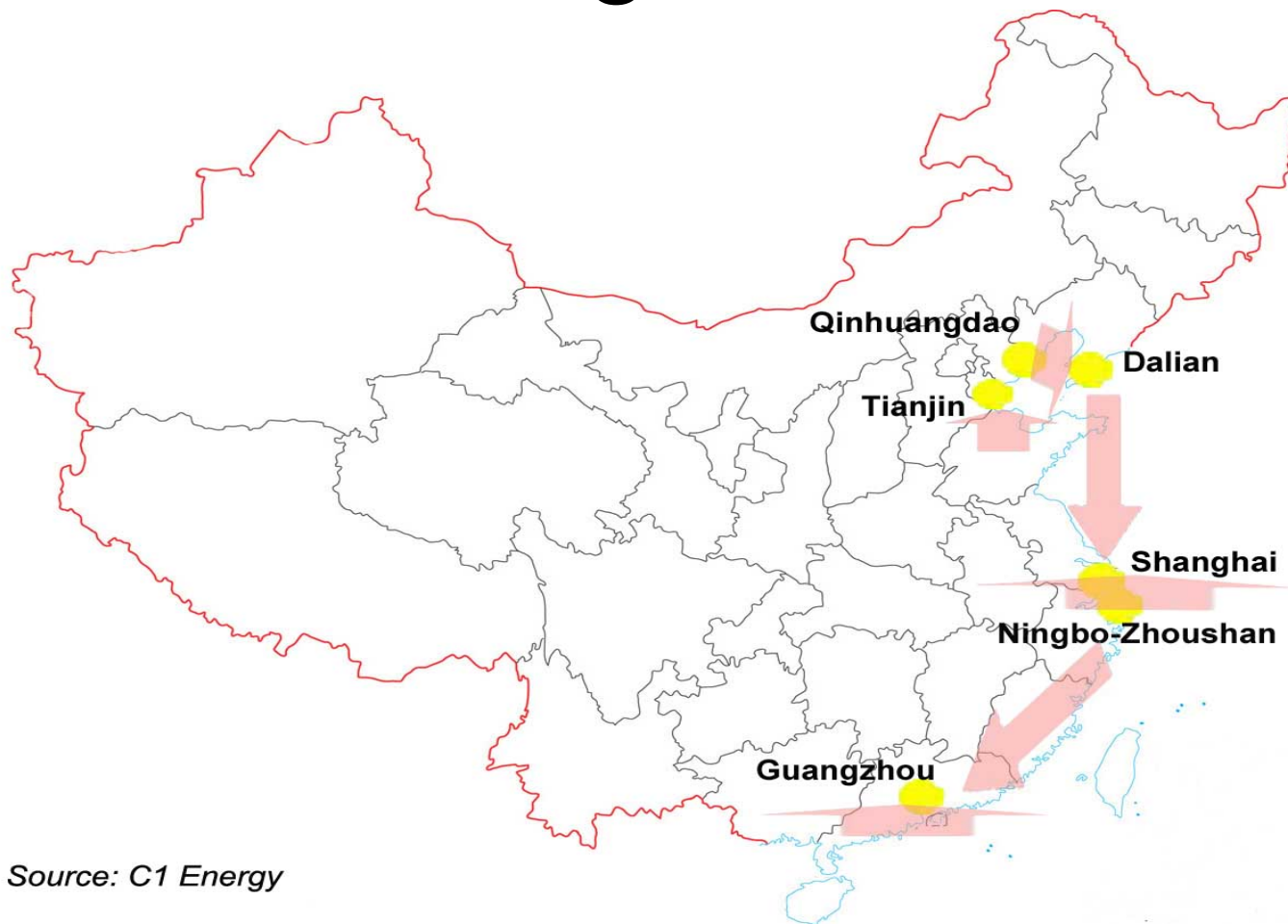
Bonded bunker market source is come from Korea, Singapore, Venezuela.

# Flows of Homemade Bunker



Source: C1 Energy

# Trading Flows



Source: C1 Energy

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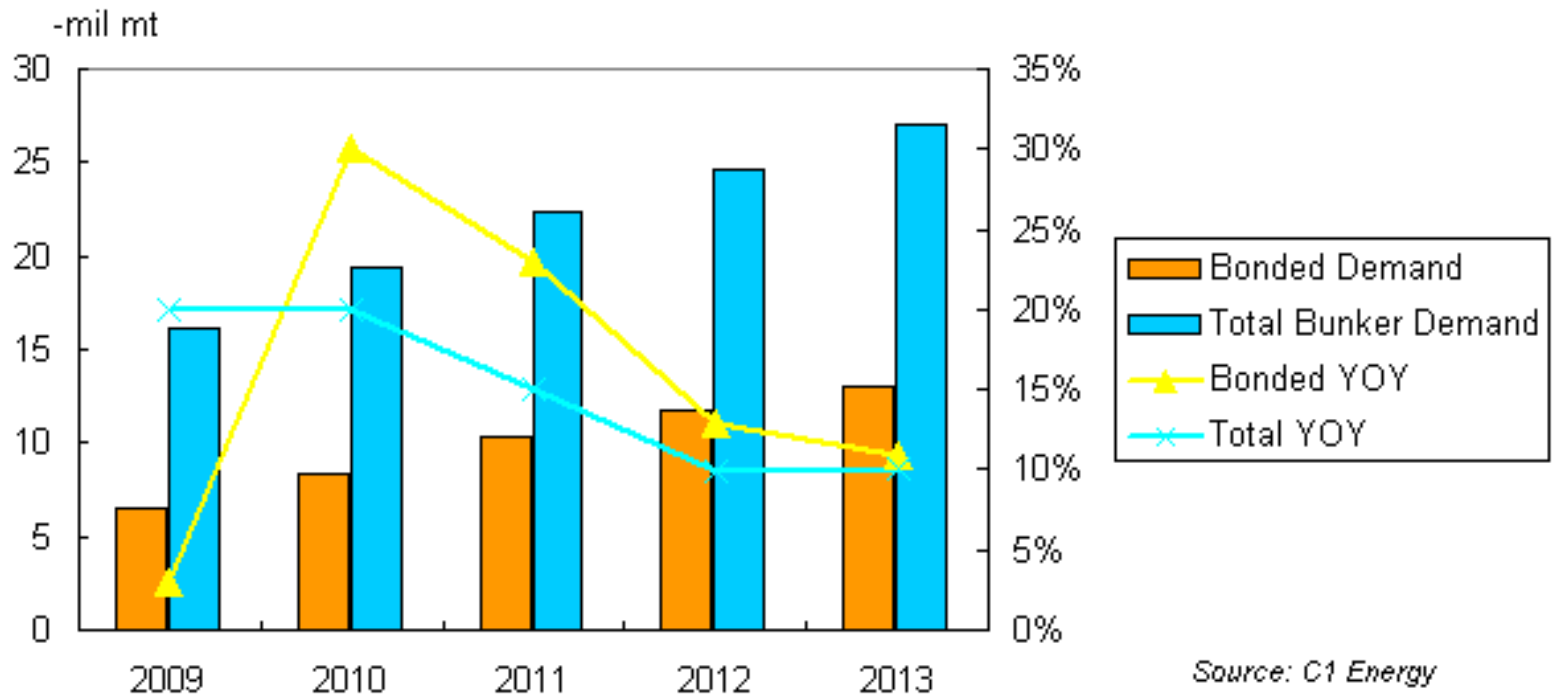
# Relative Policy

- Entry doorsill to China's bonded market
- National license and local license
- China's steps in opening bonded market
- Favored tax to bonded market

- Overview of China's bunker market
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- Relative policy
- **Outlook and challenges**

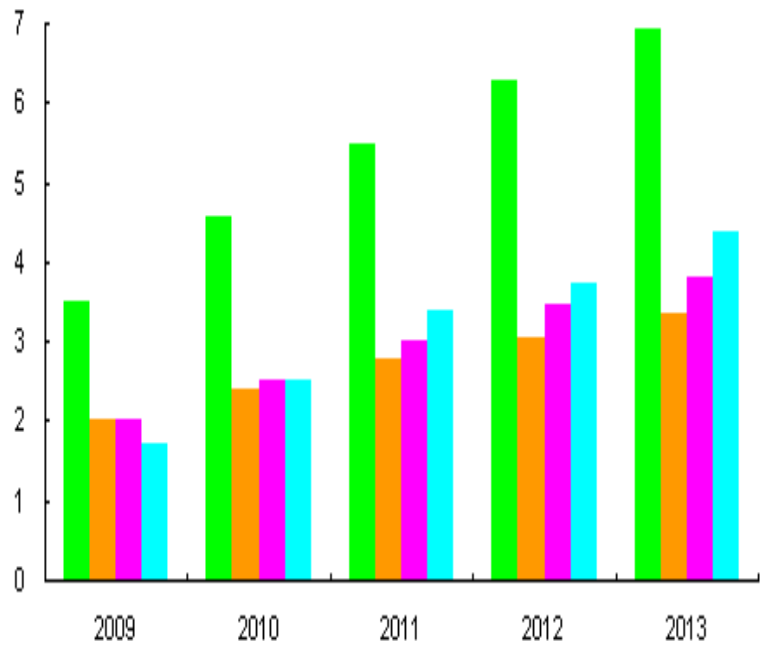
# China Bunker Fuel Demand Forecast

Forecast of China Bunker Fuel Demand in 2009-2013



# Supply Forecast

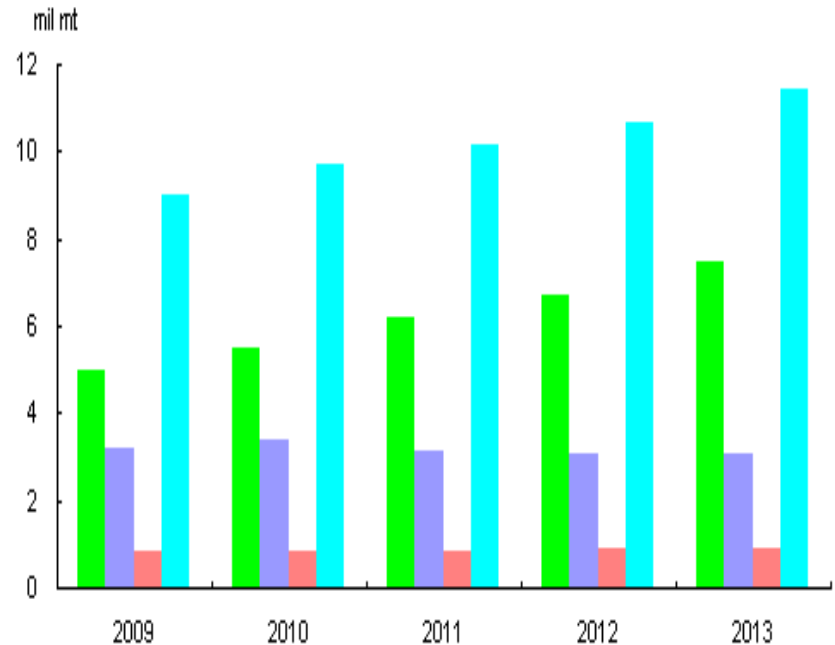
Forecast of Imported Bunker Fuel Supply in 2009-2013



Source: C1 Energy

Venezuela Singapore South Korea Others

Forecast of Bunker Fuel Supply to Internal Trade in 2009-2013



Source: C1 Energy

State-Owned Major Refineries Independent Refineries Others Total

# Challenges and concerns

- China's stable economy and global economy recovery to provide a promising development for bunker market
- Abolishment of geographic limit to speed up competition among exiting players
- Government's hesitation on deeper opening up
- Allowing domestic refineries to export fuel oil to enhance the sourcing flexibility of Sinopec and CNPC relative players
- Domestic bunker suppliers still need to improve credit and service

# Thank you!

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