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Rania El Gamal

Interview: Saudi Aramco arm to start Asian crude trading in Q3 – CEO

ABU DHABI (Reuters) - Saudi Aramco's trading arm plans to start handling crude in Asia through its office in Singapore in the third quarter of this year and aims to boost its volumes for trading crude and refined products to 6 million barrels per day (bpd) by 2020.

Ibrahim al-Buainain, CEO of Aramco Trading Co (ATC), told Reuters on Monday that the firm also aims to open its European office early next year, as it expands international business.

Set up in 2012 to market refined products, base oils and bulk petrochemicals, ATC is expanding into non-Saudi crude mainly to feed international Aramco joint ventures such as the Motiva refinery in the United States and S-Oil in South Korea.

"We will be targeting the third quarter of this year (for crude trading) out of Singapore for Southeast and North Asia. We are doing our due diligence," Buainain said in an interview in Abu Dhabi.

"Our target is to reach 6 million bpd by 2020, for both oil products and third-party crude (trading)," he said on the sidelines of the Middle East Petroleum and Gas Conference.

ATC also plans to expand to Europe and open its regional office in either London or Geneva by the first quarter of 2019, Buainain said.

He said ATC has no intention to open an office in the United States, where Aramco's Houston-based subsidiary Motiva Enterprises handles trading and plans possibly to expand into Latin America.

He added that ATC's headquarters would remain in Dhahran, Saudi Arabia, and the company's focus is "the security of supply for the kingdom".

ATC says it trades around 1.5 million bpd of refined, liquid chemical and polymer products. The company opened its first office abroad in Singapore in 2015 to market oil products and win new business for the parent company from Asia.

Middle East oil producers are venturing into buying and selling oil to boost their incomes as a sharp drop in crude prices since mid-2014 has forced the industry to become more efficient and commercially focused.

On Monday, Abu Dhabi National Oil Co said it was setting up a new trading unit for its crude and refined products.

The Saudi government plans to sell up to 5 percent of state oil giant Aramco this year or in early 2019 in what could be the world's largest initial public offering.

Aramco, the world's top oil producer and exporter, aims to become the largest integrated energy firm, with plans to expand refining operations and petrochemical output. It pumps around 10 million bpd of crude, of which it exports about 7 million bpd.

The company plans to raise its refining capacity - inside the kingdom and abroad - to 8-10 million bpd from around 5.4 million bpd now. Aramco is expanding its refining business at home as well as in new markets such as Malaysia and India.

This should help ATC best utilise the assets available to it through the expansion of its parent.

“The name of the game is system optimisation,” Buainain said.

Reporting by Rania El Gamal; Editing by Dale Hudson