In terms of refined products, we expect growth through 2040, with regional variations.

Gasoline will see increased demand from developing countries. However, the acceptance of electric vehicles, ever increasing car efficiency and uptake of renewables, bring a level of uncertainty.

In developing economies, diesel demand will be driven by the growing population of diesel trucks, buses and light vehicles.

However, in mature markets a decline is expected as diesel cars lose popularity in Europe and demand slows in the trucking and power generation sectors.
But, in the shorter term, one of the biggest factors influencing product demand and causing a shake up in the refining, fuels, and shipping industries, is the International Maritime Organization’s regulation that sets a new limit for sulphur in fuel oil used on-board ships from January 1st, 2020.
Meeting the 2020 0.50% Sulfur Regulation

Opportunities for low sulfur fuels will grow
Global net marine fuel demand >250 million mt
• Impact on trade flows & crude markets
Issues arise with low sulfur fuels
• Blend stability
• Fuel compatibility
• Handling and other wax related issues
• Component wear
• Poor combustibility

Proven additives can address low sulfur challenges

While it’s unclear which route the shipping industry will take to comply with the IMO sulfur regulation, we can expect low Sulphur Fuels to be a large part of the solution.

This option will have the biggest impact on refineries and given the large volumes involved, shifts in trade flows of low sulphur fuels could be significant.

And, as the pull for low sulfur heavy distillate and heavy fuel volumes grows, we could see an impact on crude markets in the coming years.

Fuel producers, traders and blenders will have to address key issues with these low sulfur fuels:
Blend stability, fuel compatibility, and the handling of more waxy components and finished fuels.

In addition, the lower viscosity of these new fuels could result in higher fuel system component wear and the use of more heavy cracked components may lead to poorer combustibility.

Fuel additives will be increasingly important to ensure the production of fit for purpose fuels.
At the global level, the forecast for diesel fuel looks strong. Growth expected from developing economies and the Marine sector will more than offset the falling demand, in mature markets. In our view, the need for low sulfur distillates will impact crude choice, refinery utilization, and fuel blending at refineries, as the barrel demand split evolves. Trade flows will continue to create opportunities for refiners. Those looking to increase exports, particularly of diesel fuel, will need to react quickly to changing market demand patterns.
U.S. diesel exports continue to rise and distillate fuels remain the most exported U.S. petroleum product.

Almost ¾ of these exports were to South and Central American countries and demand was up significantly in 2017 from Brazil and Mexico.

Exports to Europe softened a little in 2017, with France and the Netherlands the main importers.

Currently, only small volumes go to Asia Pacific and Africa, where trade with both Singapore and Morocco has increased. Treating diesel fuels so that they can meet a broad set of industry approvals, operability targets and quality specifications will give refiners additional product flexibility, as they look for lucrative export markets.
Industry trends continue to drive technical challenges in the fuels and crudes markets, particularly with the rise of Low Sulphur Marine Fuels, the opportunities for increased export to meet demand from developing economies, and from the changing crude slate, including the rise in production of advantaged crudes.