



# SAPIA

South African Petroleum Industry Association



# What is SAPIA?

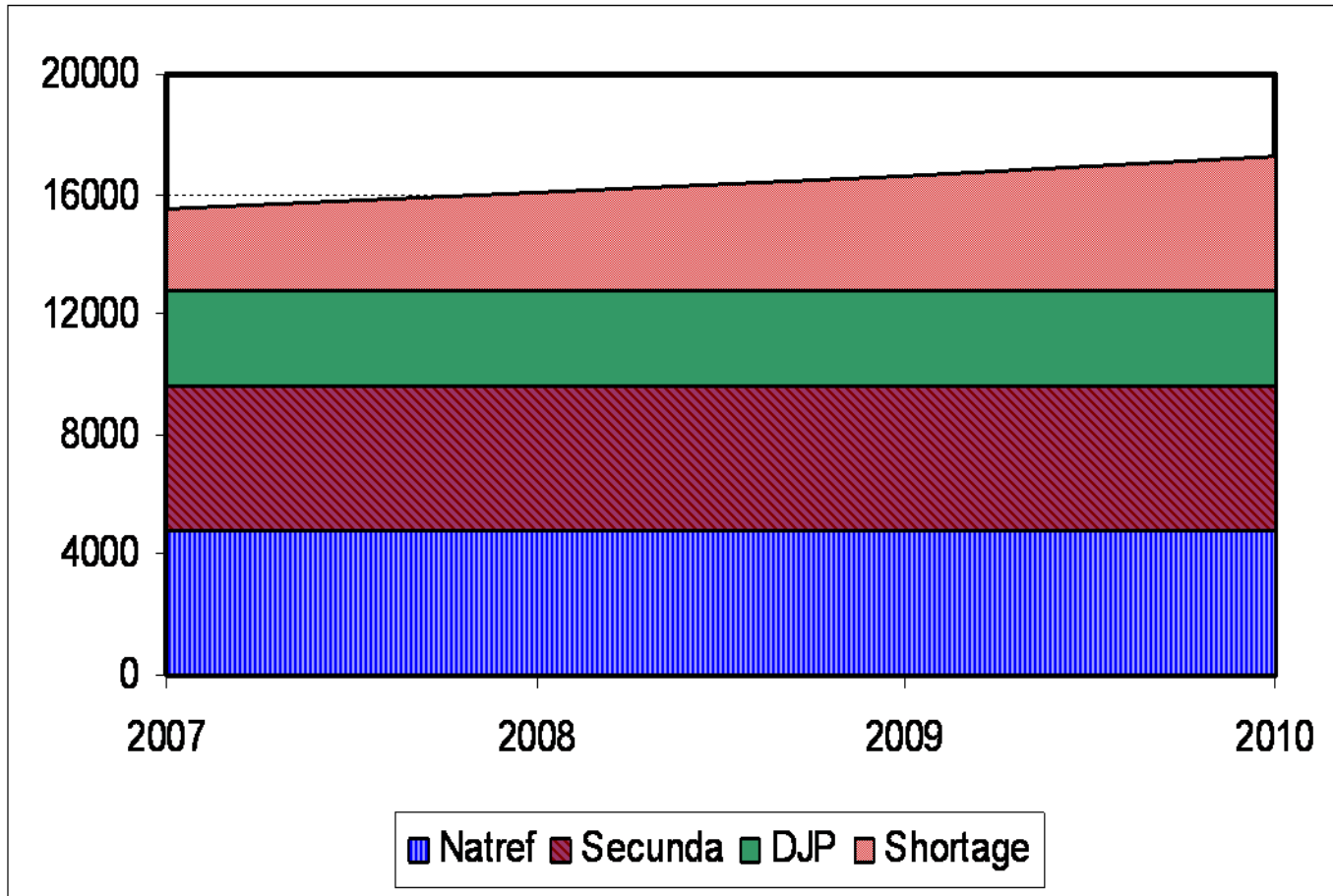
- The South African Petroleum Industry Association (SAPIA) was formed in 1994 to represent the common interests of the petroleum refining and marketing industry in South Africa and now has 7 members.
- SAPIA's role is to:
  - promote an understanding of the industry's contribution to economic and social progress with all stakeholders
  - represent the industry in national and international forums
  - be a source of information on the Industry as a whole
  - encourage co-operation between members on matters of mutual and/or public concern without inhibiting competition (e.g.. health, safety and environment).



# Supply Inland - Pre Pipeline Expansion

## Supply/Demand Balance in the biggest market in Africa

Inland Supply/Demand



- Growing inland short will be met by road and rail until new pipeline built
- Incremental costs covered by regulation
- Recent price increases will curtail demand

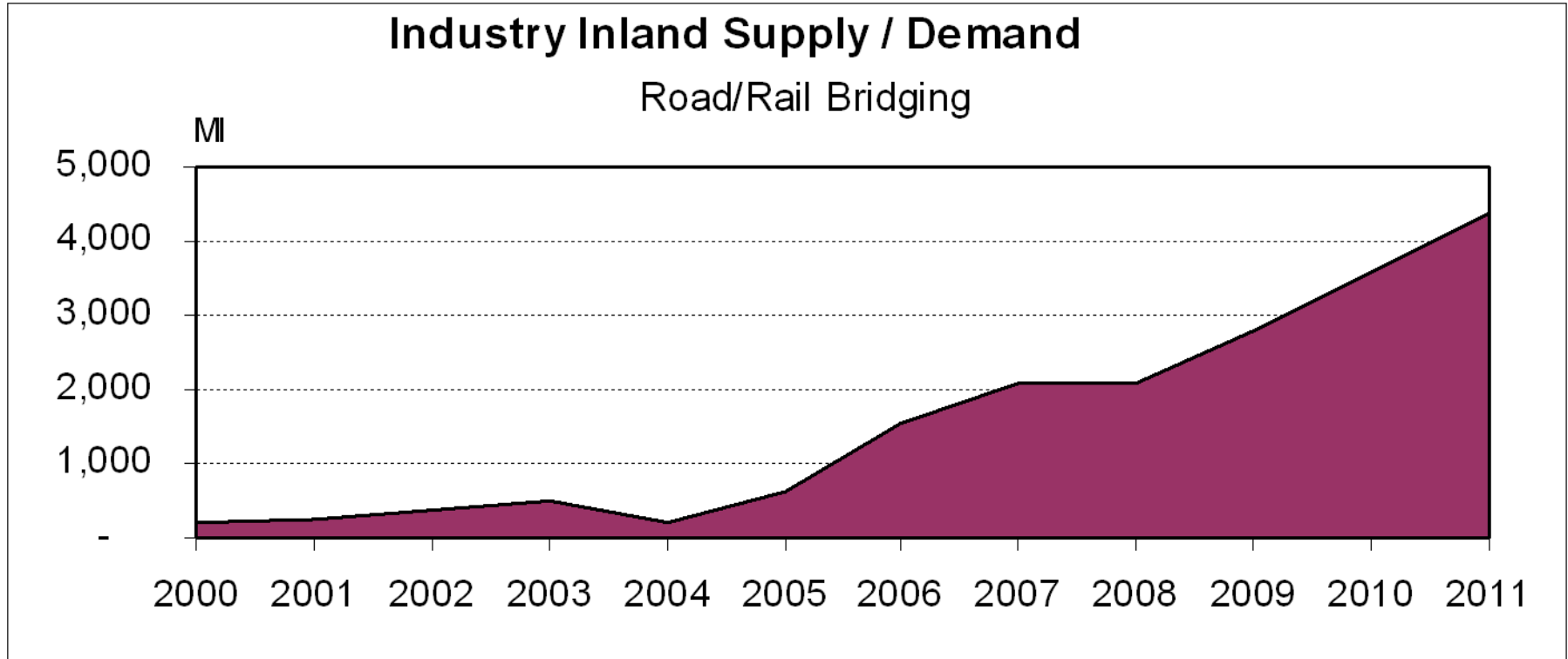
## Inland Supply Demand Projections – 2009 Indicative

2009 Inland Demand - including overland exports	16.7
2009 Projected Supply	
Inland Production	9.9
DJP	4.2
TOTAL	<u>14.1</u>
Shortfall in economic supply	<u><u>2.6</u></u>
Met by uneconomic bridging alternatives:	
Product in the COP	0.6
Rail Bridging	<u>1.2</u>
Road Bridging	<u>0.8</u>

To meet demand in 2009: 3-4 block trains will have to leave the coast every day; and 3 road tankers will have to leave the coast every hour.

The incremental cost for Industry is expected to exceed R600M in 2009

# Road and Rail Bridging: An Industry Issue



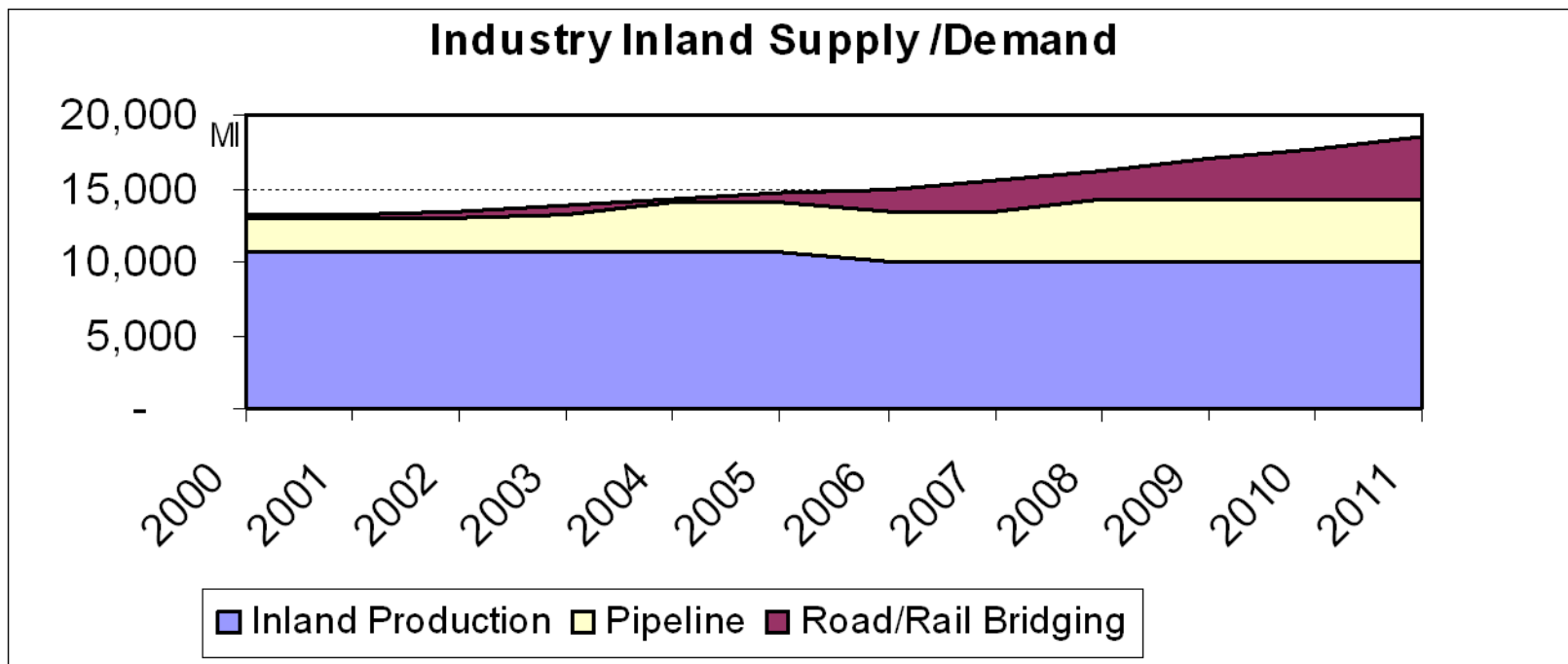
Significant increase in dependency on Road and Rail

Concerns are cost, safety and reliability

Risk of Industrial action in this period

Road and port congestion approaching chronic proportions

# Inland Supply: High Dependency on Inland Refining



High dependency on Inland refining production

Unplanned shutdowns (1 week to 6 months) have occurred every year for last decade

As pipeline is constrained, dependent on road bridging and inland stocks to supply resulting shortfalls

Inland storage capacity cannot cover security of supply requirements – stock outs occur frequently

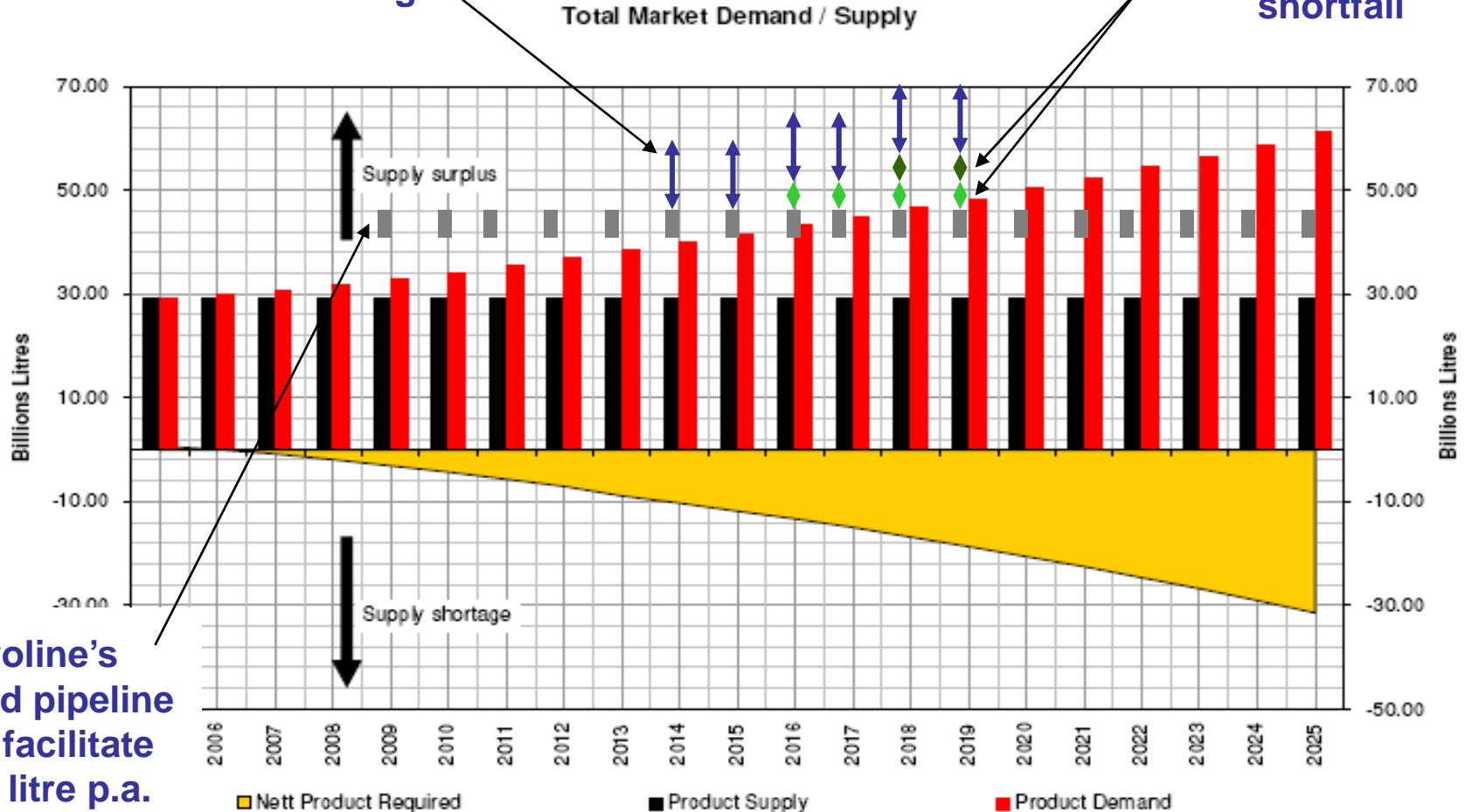
At projected 2009 demand levels, an unplanned shutdown by an inland refinery would almost certainly

result in fuel shortfalls that could not be replenished by existing infrastructure

# Supply / Demand based on projections by the DME in the Energy Security Master Plan

**PetroSA 12MI 200kbd at Coega**

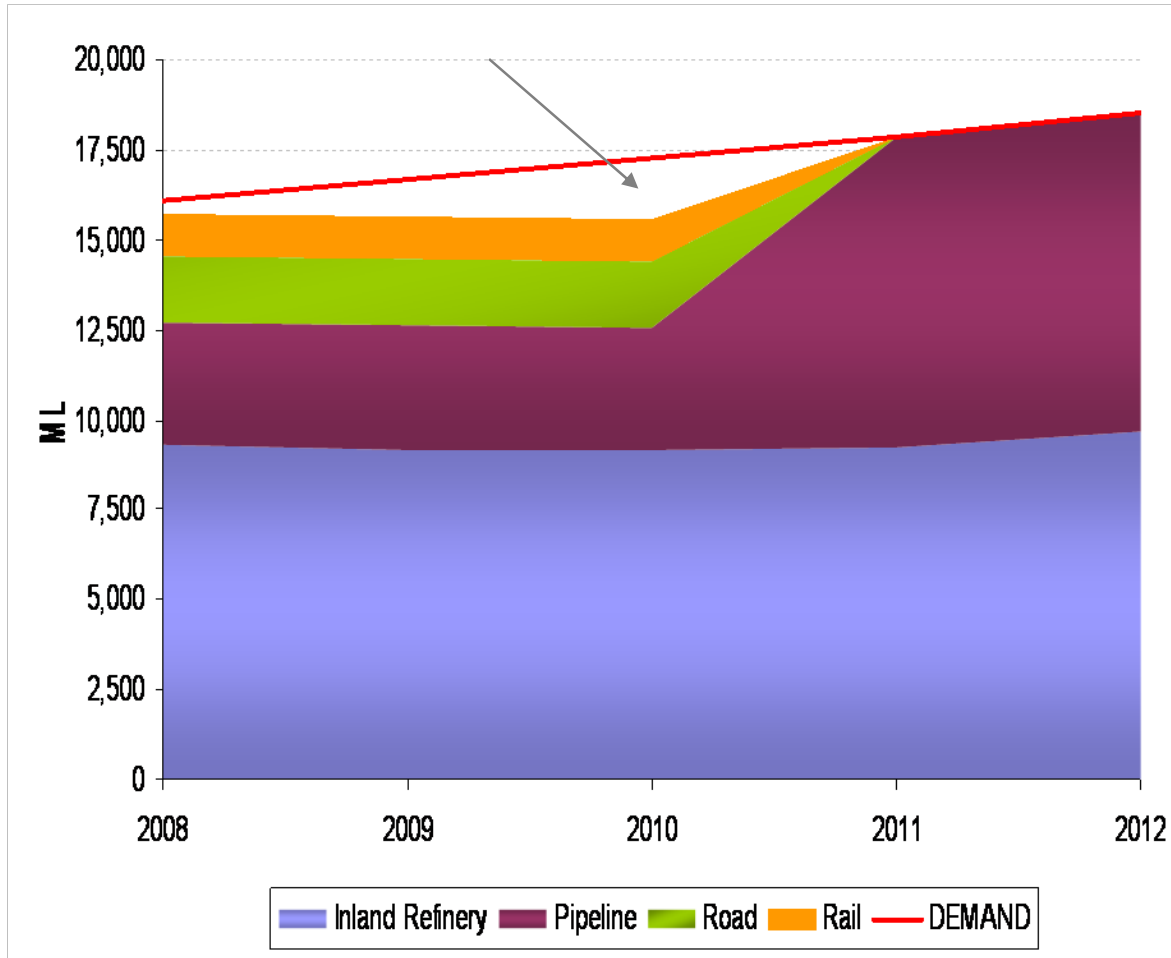
**Sasol's Mafuta 1 & 2 plants could make up 40% of SA's shortfall**



**Petroline's licensed pipeline could facilitate 3,5Bn litre p.a. imports via Maputo**

# Inland Supply - Pre Pipeline Expansion Industry Balance

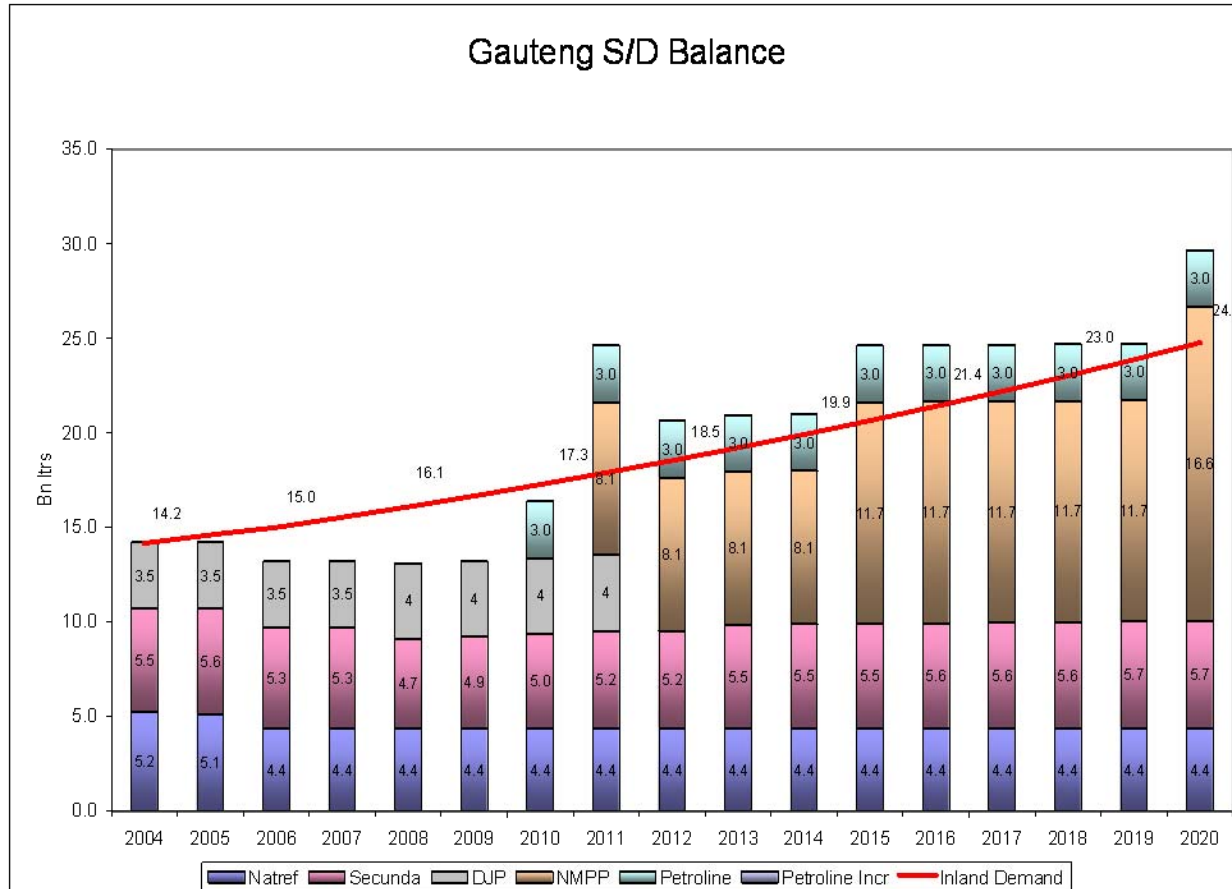
Rail and Road would need to meet unsecured gap



- Inland short underpins product value
- Reliance on road unsustainable into the future
- No increase in inland refinery capacity pre 2015
- NMPP due to be commissioned 2010/11

# Long term supply access into Gauteng secured through pipelines and/or Sasol

## Industry



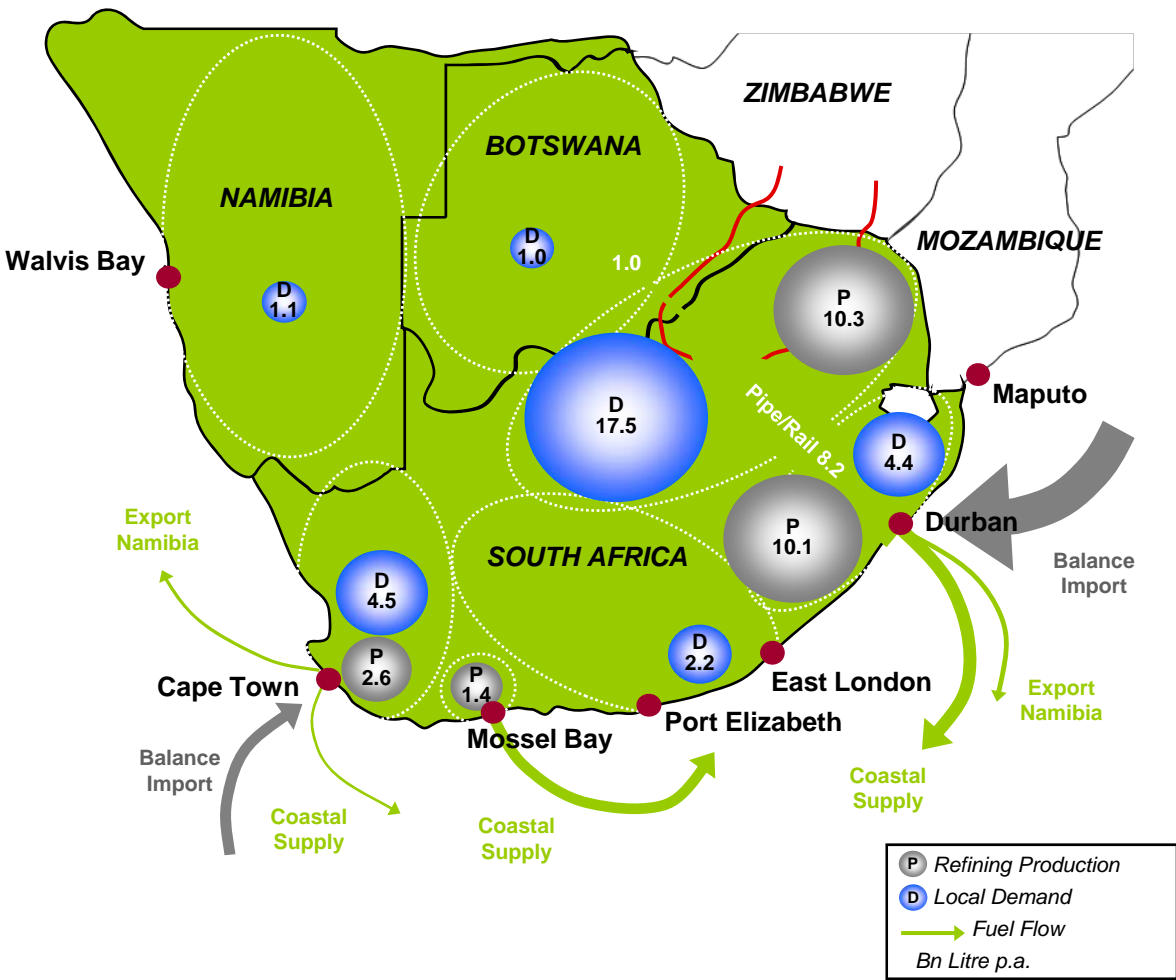
- Gauteng becomes surplus in 2011 when two key pipelines deliver 11bn ltrs into the inland market
- Both pipelines underpin industry ability to meet inland demand
- Sasol production surplus to own market need

# South Africa (incl Bots/Nam) product flow

## Total short is estimated at 6 Bn litre

Industry

**Southern Africa Supply Demand Balance**  
**Main Fuels by Supply Envelope (Bn Litre – 2012)**

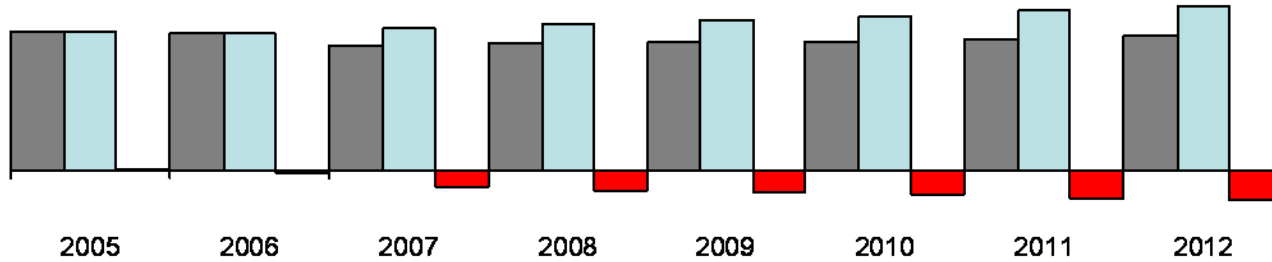


- No increase in refinery capacity pre 2015
- Future growth to be imported into Durban and Cape Town
- Both Durban and Cape Town import infrastructure inadequate

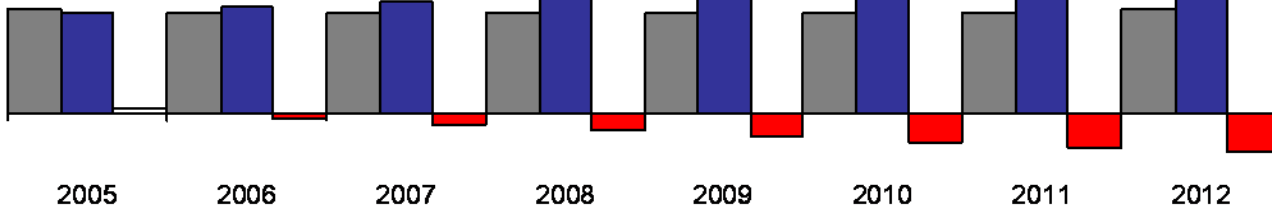
# SA (incl Bots/Nam) short estimated at 6 Bn litres p.a. in 2012 - Industry Balance

**Southern Africa Production – Demand Balance  
Main Fuels (Bn Litre – 2005-2012)**

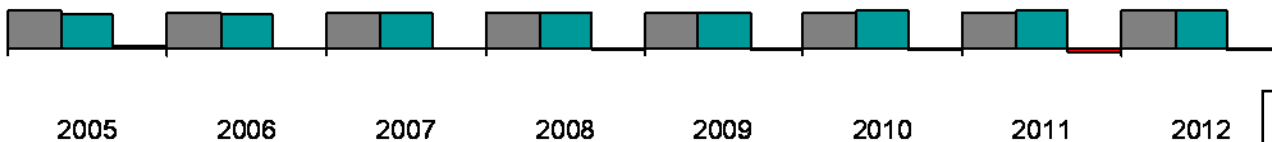
**Mogas**



**Gasoil**



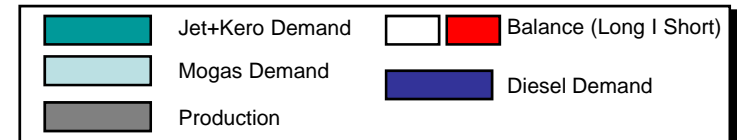
**Jet+Kero**



- Short projections based on demand growth
- Reliability of industry refineries a concern.
- High imports risk due to inadequate infrastructure
- Expansion of local refinery capacity essential to ensure security of supply

Note: Assumed growth rates: Mogas 3.0%, Diesel 5.0%, Jet+Kero 1.6% p.a. 2006-2012

Source: Bureau for Economic Research



THANK YOU