

## **Japan's JX looks to expand overseas as Japanese oil demand drops**

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Japan's top oil refiner, JX Nippon Oil & Energy Corp, may hire more people in its Singapore office if refinery plans go ahead in Vietnam and Indonesia, a senior official said, as it expands overseas to offset falling demand at home.

JX is looking at building refineries and petrol stations in Indonesia and Vietnam, in what would be its first major downstream oil investment in Asia outside Japan.

"We are negotiating with Pertamina and Petrolimex for businesses in Indonesia and Vietnam. If things move smoothly, probably we will increase headcount further based in Singapore," executive vice-president Michio Ikeda told reporters on the sidelines of the Asia Oil and Gas Conference in Kuala Lumpur.

The company has already added about 20 Japanese expatriates in its business development unit in Singapore and 15 to 20 in trading from just five or six in the trading team about five years ago.

"Japanese demand is shrinking ... so in order to make up for the lost market, we have to explore new opportunities outside Japanese refining and market operations," he said.

Japan's oil demand is projected to fall 7.8 percent to 3.06 million bpd over the five years to March 2019, a government energy committee forecast in March.

If the company goes ahead with the Vietnamese and Indonesian projects, it would look at exporting oil products from its seven refineries in Japan until they come onstream, which would not be until 2023 at the earliest, he said.

JX resumed lifting Mexican crude early this year, with one or two cargoes almost every month, Ikeda said.

He doubted JX would increase lifting of Iranian crude in the near future, even if sanctions on Iran were lifted.

"In Japan, oil demand is shrinking around 2 percent in coming years," he said, adding that meant the company had limited room to increase shipments from the Middle East.

"Of course, if it is very favourably priced, we may consider increasing lifting of Iranian crude. But judging from their pricing policy in the past, it's very unlikely they will propose attractive pricing to customers."

JX could also expand its headcount of 60 to 65 people in its lubricants operations worldwide, including in a new office in Mexico, Ikeda said. 聽

Source: Reuters (Reporting by Jessica Jaganathan; Editing by Alan Raybould)