



# Overview of Oil and Gas Business



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# Introduction

- ▶ Lao PDR has a total population of 6.5 million and an average GDP growth rate of 7.02% per year.
- ▶ All of those petroleum products are imported from neighboring countries such as Thailand (90%) and Vietnam (10%);
- ▶ Up to now, there are 23 oil enterprises running business in the country, including three foreign companies such as PTT, Petro Vietnam and Petrolimex;
- ▶ There are over 1,200 gas stations throughout the country.
- ▶ After the Open Economic Policy of the Government, oil business has been put in competition.

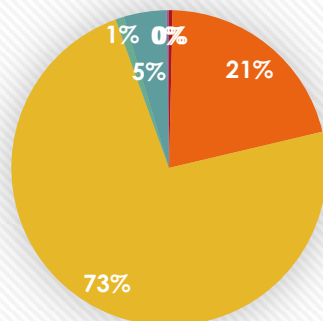
# Oil and Gas LPG importation and Consumption

Unit: Million liters

Sectors	2014	2015	2016
Import	961.38	1,343.52	1,477.87
Sale	942,98	1,119.11	1,231.02

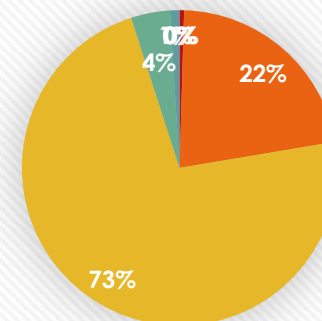
## Presented Share of Consumption in 2016

### Precent share of Import by Fuel Types



■ GR 95 ■ GR91 ■ Diesel ■ Kerozene/Jet Fuel ■ Fuel Oil ■ Lubricants

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# Market Share in 2016

## ▶ Market Share (%)

Companies	Import (%)	Sale (%)
LSFC	18.77	17.45
PTT (Lao)	13.89	12.96
Petrolimex (Lao)	11.77	10.91
PetroVietnam Oil (Lao)	8.31	7.56
Others	47.26	51.12
Total	100.00	100.00

# Oil Price Structure

Unit: US Dollar / liters

Product	CIFVTE	Tax & Duties	Road Fee	Gov. Reserve Fund	Risk & Expense	MKT Margin	Retail Mark-up	Retail Price
GP 95	0.6237	0.4199	0.0494	0.0370	0.0284	0.0123	0.0247	1.2120
GR 91	0.5770	0.3133	0.0494	0.0370	0.0284	0.0123	0.0247	1.0590
Diesel	0.5904	0.1740	0.0494	0.0370	0.0284	0.0123	0.0247	0.9331

## Remarks:

Fuel Price Structure No. 0096 dated 27 Jan 2015

Exchange Rate 8,102 LAK/US Dollar

Source: LSFC

# Comparison of Oil Retail Prices

Unit: US Dollar / liters

Products	Cambodia	Laos	Thailand	Viet Nam
GP 95	0.9854	1.2120	1,0612	N/A
GR 91	0.9417	1.0590	0.8150	0.7339
Diesel	0.8750	0.9331	0.7840	0.7105

## Remarks:

Retail Prices as of 4 Feb 2015

Source: LSFC

# Government Policy and Oil Business

- UP to now, oil business is controlled by Ministry of Industry and Commerce.
- Domestic Oil Price Structure is considered and approved by two ministries including Ministry of Finance and Ministry of Industry and Commerce.
- Retail Prices at gas stations are controlled by the Government
- Oil Selling Prices are terminated by market or by negotiation
- Lao Fuel and Gas Association (LFGA) plays an important role to help the government in providing information and maintaining of oil business in the country e.g. all oil companies shall be LFGA's member
- Lao State Fuel Company (LSFC) as a National Oil Company also plays a significant obligation in securing stable supply of fuel for the country, and completing with other companies under market oriented economy.



# Oil and Gas Market

- There are over 1,200 gas stations throughout the country
- Modern gas stations with good service and necessary facility are now in trend for society
- Trans country Pipeline Viet Nam- Laos is under feasibility study process
- Some of Oil refineries are now under construction, and the production of those is expected to cover 40% of oil consumption of the country
- Lao Government is considering to adjust oil business regulations to meet the high competition

# CHALLENGES

- ▶ High competition between oil companies, especially, PTT, PetroVietnam, Petrolimex and etc.
- ▶ Ineffective implementation of the government regulations
- ▶ Adjustments of retail price is sometimes slow comparing to world oil price fluctuation
- ▶ Sourcing oil from third country is still unsuccessful
- ▶ Raw material supply to local refineries is needed to share benefit with neighbouring countries

# Conclusion

- ❖ Oil market in Lao PDR is going under the open market policy of the government
- ❖ Competition on oil business will be higher
- ❖ LFGA contributes in maintaining oil business
- ❖ LSFC is a leading oil company and plays a significant obligation in stabilizing prices and fuel supply
- ❖ Refined oil production will be a new source of fuel supply for the country

**Thank you for attention**