

## Media Monitoring

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### **Trafigura Looks to Malaysia in Search of Profit from Oil Storage**

Amsterdam (The Netherland's)-based Trafigura, the world's third-largest independent oil trader, is seeking profits by storing fuels in Malaysia's newest oil tank facility, Langsat Terminal One, which officially opened in southern Johor state today. The Langsat terminal is being developed less than 30 miles from Singapore, one of Asia's largest oil storage and trading centres, where Emirates National Oil Co. and Hin Leong Trading Pte. have built storage facilities. The storage facility currently has the capacity to store 130,000 cm of fuel, but will have the capacity to store 400,000 cm when 13 storage tanks with a combined capacity of 270,000 cm are commissioned in March.

The project is operated by Dialog Group Bhd., a Malaysian oil and gas service provider, although Trafigura owns a 20% stake through a unit known as Puma Energy Asia Pacific BV. Significance: The rapid drop in fuel demand and prices following the financial crisis has encouraged oil traders to boost the amount of oil they hold in storage while they wait for prices to rise. Singapore has traditionally been a key provider of fuel storage and despite investments in new capacity in recent years from companies such as Hin Leong, Chemoil Energy, and Emirates National Oil Co., high demand for storage has reduced space, driving up rates for spot storage and encouraging traders to invest in new storage capacity. With upstream oil reserves becoming increasingly expensive to extract, Malaysia's government is keen to boost value-added services in the petroleum sector and promoting the country as a transit hub for fuel travelling from the Middle East to Far Eastern markets is a key aim. Despite a fire at the Tanjung Langsat terminal in 2008, companies such as Pristine Oil and Trafigura have started to invest in new oil storage terminals, suggesting that traders may be looking favourably at storage opportunities in areas of Malaysia proximate to Singapore, as barrels located there can count towards pricing assessments.