

Media Monitoring

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Oil trading firms setting up shop in Dubai

Oil trading companies have set up offices or added staff in Dubai, positioning themselves to benefit from increased refining activity and new products developed in the Gulf Arab region.

So far, 22 oil products traders, including Chemoil, Litasco -- the trading arm of Russian oil company LUKOIL (LKOH.MM) -- and Cargill, and four crude trading companies have offices in Dubai, according to trading sources.

Below is the evidence so far of expansion in the strategically-located tax haven, as well as details on increases in port and refinery capacity.

- Asia's largest oil and gas producer Petrochina (0857.HK) has set up a crude oil trading desk this year and is also studying the option of either acquiring or building an oil terminal facility in the United Arab Emirates.

- "We have 25 people at the moment, 18 people are on the trading floor in shipping, oil, products. We have an expansion plan in place despite the recession. We look at a year-on-year growth of 5 to 10 percent, adding more staff and revenues," a trader from a U.S. firm said.

U.S. oil firm ConocoPhillips (COP.N) and a unit of Thailand's PTT (PTT.BK) opened trading operations in Dubai in 2007.

"We'll have 4 to 5 more people this year, in operations and products traders," a trader at an international oil company said.

"We are expanding investments and expanding staff here, but can't give you precise figures at this point," another trader at an international commodities trading firm said.

"The number of companies and people here is increasing, whether one-man shows or teams of 5 people," a commodities trader said.

REFINERY EXPANSION

- Reliance's expanded Jamnagar refining complex is the world's largest at 1.24 million bpd. The expansion of state refineries is set to lift India's fuel exports to more than 1.4 million bpd by 2012, overtaking Singapore's total.

PORT EXPANSION

Storage capacity in Fujairah is estimated at between 2.5 million and 3 million cubic meters, and future expansions could raise it to up to 6.5 million-7 million cubic meters.

At Jebel Ali, another export terminal, storage is estimated at more than 1 million cubic meters.