

The Outlook of Thailand Bitumen and Middle East Price Attractions

Ahmad Reza Yousefi, the managing director of Infinity Galaxy, and PhD candidate in international entrepreneurship has more than ten years of experience in the export of bitumen and petrochemicals. He is running Infinity Galaxy with his young team with a mindset of serving his country by exporting. He believes that once the customers trust his company, his company should serve them the most.

So, since last three years ago, he has been starting to update the customers with the latest changes, trends, and facts of the market to help them make the most benefits out of their deals.

At Infinity Galaxy, a team is exclusively serving east Asian markets to assist the importers of the field to make the right choice in the right time.



In this article, I will be discussing the competitive advantages of exporting Iran's bitumen to Thailand.

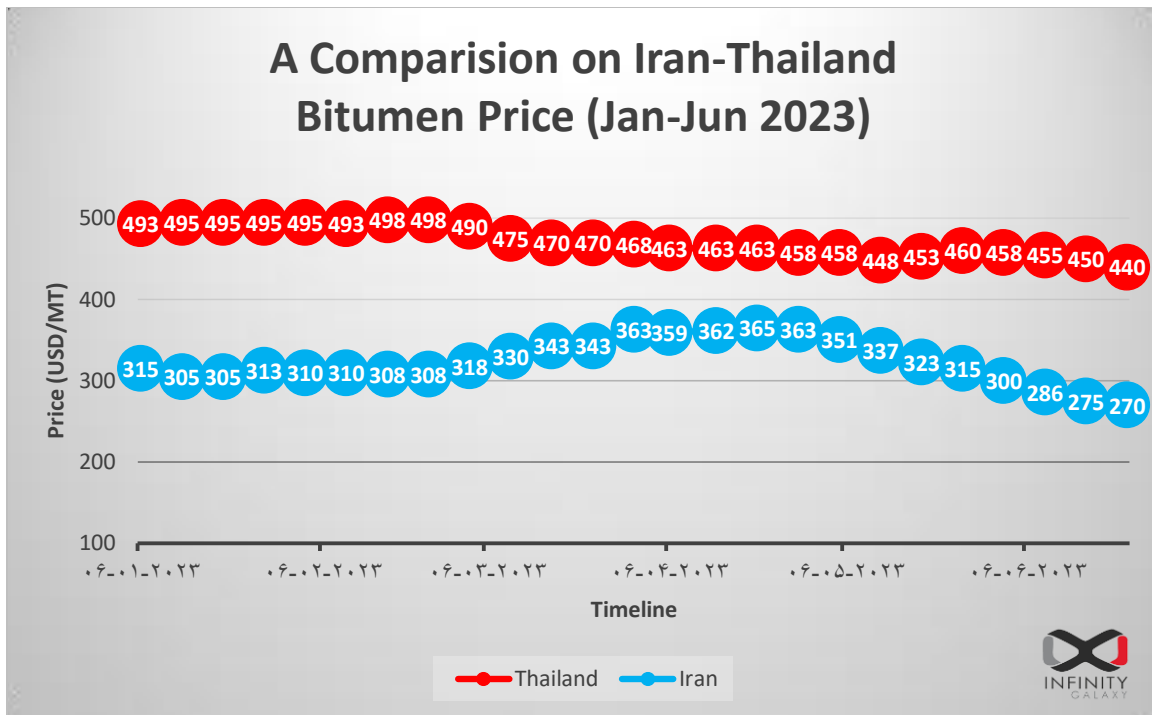
In the first step, the price gap between the 2 countries will be investigated.

Having 10% of world bitumen export with high quality, Iran is an attractive market for other role players.

Thailand is a pole of production and export of bitumen in East Asia; however, a large quantity of its demand is supplied from Iran.

High quality, price attraction, and variety in packing are the factors that make Iran's bitumen market appealing.

As you see in the below chart, there is a big gap between bitumen price in Iran and Thailand.



The monthly average of bitumen price (USD/MT) during January to June 2023 in Iran and Thailand is seen in the below table:

Month	January	February	March	April	May	June
Thailand	494.5	496	474.6	461.75	454.75	450.75
Iran	309.5	309	339.4	362.25	331.5	282.75

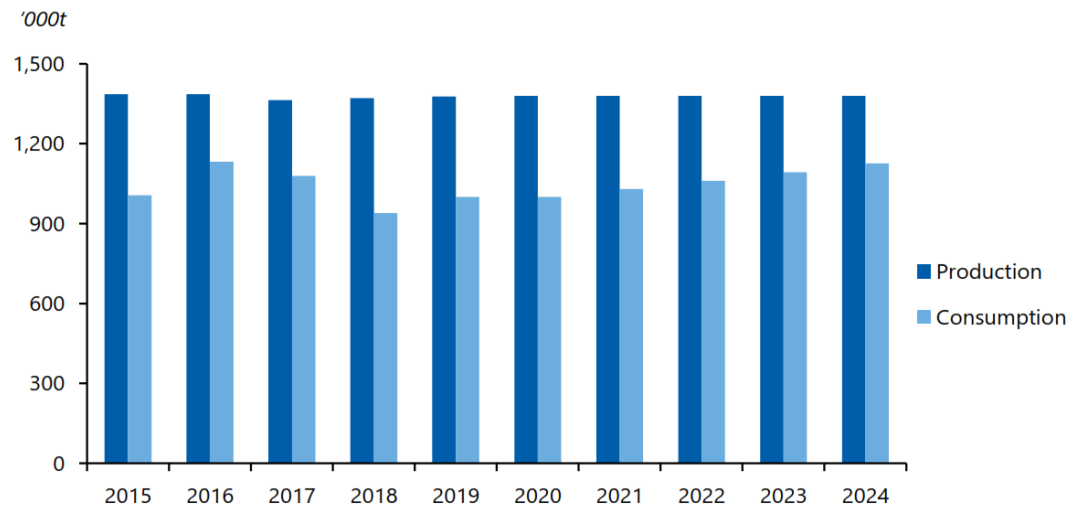
The price difference between Iran and Thailand is sometime even up to 200 USD/MT. In this situation, more demand of bitumen purchase from Iran is received from Thailand. Although, Thailand is known as one of the main and biggest producers of bitumen in East Asia, Iran's bitumen production is 4 times more than Thailand. There are 4 main bitumen producing refineries in Thailand:

1. Integrate Refinery Petrochemical Complex (IRPC) at Rayong,
2. Thai Lube Base (a subsidiary of Thai Oil) in Sriracha,
3. Star Petroleum Refining (SPRC) at Map Ta Phut port (Rayong),
4. and Esso at Sriracha.

The production capacity of bitumen in the country is annually around 1.364 million Metric Tons.

However, the global economic recession caused by Ukraine war affected the level of production among the refineries all over the world.

In the below chart, you can see the amount of production and consumption in Thailand:



— Argus Consulting Services

Based on the above chart, the level of production and consumption is as below up to 2024:

Thailand Bitumen Production:

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Production (KMT)	1,386	1,386	1,364	1,371	1,377	1,380	1,380	1,380	1,380	1,380

Thailand Bitumen Consumption:

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Consumption (KMT)	1,006	1,132	1,079	940	1,000	1,000	1,030	1,061	1,093	1,124

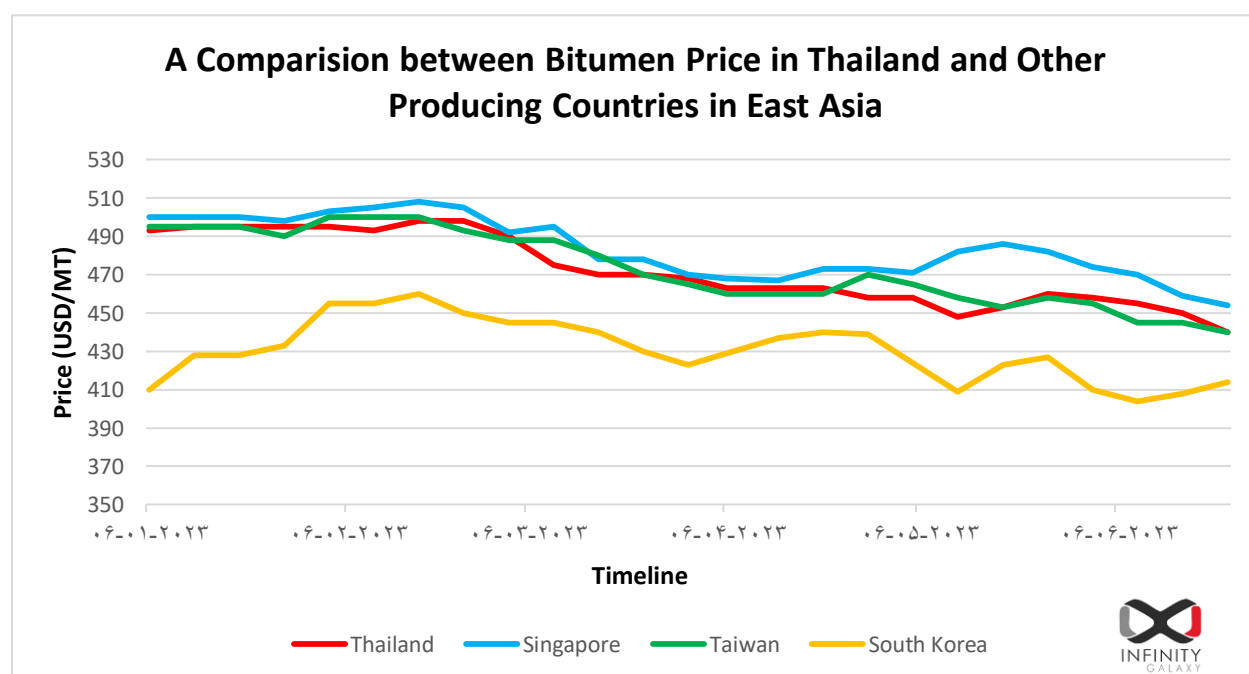
Based on these data, it is predicted that bitumen production and consumption in Thailand will increase during 2022-2024.

According to the obtained statistics, the most commonly used grades of bitumen are respectively as follows:

- Conventional grades of bitumen used in Thailand are pen 60/70 and pen 80/100.

- Performance grades used are PG 64, PG 70, PG 76 and PG 82, depending on the climatic conditions.
- PMB and jet fuel resistant modified bitumen (PMB-FR) are also used.
- Bitumen emulsion grades are CRS-1, CRS-2, CMS-2h, CSS-1 and CSS-1h.
- Cutback grades used are MC-30, MC-70, RC-70 and RC-250.
- PMB emulsions used are CSS-1hp, CSS-1h (EMA), CRS1P, CRS-2P, CMS-2hP, CSS-1hN

It can be said that almost all of the abovementioned grades are produced in Iran. As a main pole of bitumen production in East Asia, Thailand exports a considerable quantity of its bitumen to compete on bitumen price with other countries like Taiwan, Singapore, and South Korea. The tight competition of Thailand with its competitors in East Asia has turned the country to export its bitumen to many of the markets in Asia.

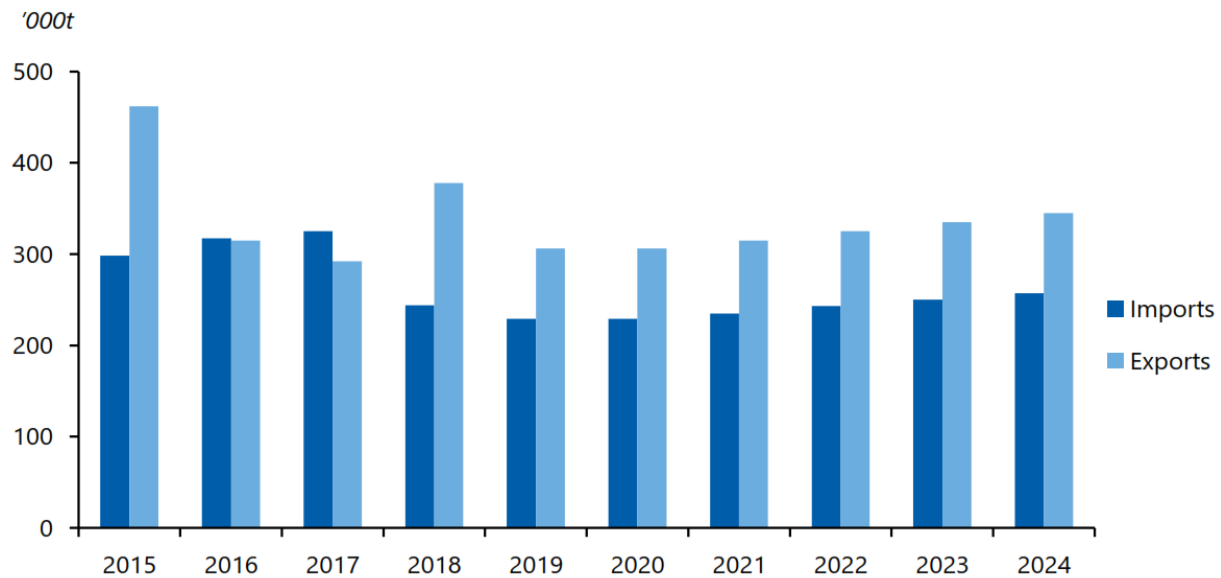


In the below table, the monthly average of bitumen price in different producing countries of East Asia and Thailand can be seen separately.

Month	January	February	March	April	May	June
Thailand	494.50	496.00	474.60	461.75	454.75	450.75
Singapore	499.50	505.25	482.60	470.25	480.25	464.25
Taiwan	493.75	498.25	478.20	462.50	458.50	446.25
South Korea	424.75	455.00	436.60	436.25	420.75	409.000

Thailand exports its bitumen to the countries like: Bangladesh, China, Laos, Malaysia, Philippine, Cambodia, Indonesia, and even Australia.

The below chart demonstrates the rate of bitumen import/export in Thailand up to 2024:



— Argus Consulting Services

It is predicted that its bitumen export will reach around 335K MT in 2023.

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
EXPORT (KMT)	462	315	292	378	306	306	315	325	325	345

And its bitumen import is as below from 2015 to 2024:

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
IMPORT (KMT)	298	317	325	244	229	229	235	243	250	257

Thailand imports its required bitumen from Iran and Singapore. It is forecasted that Thailand's bitumen import will reach 257K MT in 2024.

Now, we are going to discuss why Iran's bitumen is a good source of import for Thailand and what is the competitive advantage of importing Iran's bitumen?

1. Based on the scientific investigations and the available facts, Iran is capable of producing the high-quality bitumen which is easy to recognize from other producers in the region.
2. The significant price difference between Iran bitumen price and other manufacturers in south east Asia has made Iran bitumen attractive in terms of its prices.
3. Iran bitumen can be supplied in various packings such as new steel drum and jumbo bags with wooden pallet and metal cage.
4. Moving bitumen jumbo bags and new steel drums in different regions of Thailand is easier comparing the bulk bitumen and this is a good advantage for the contractors even in the different islands of Thailand.
5. The regular services of the shipping lines from Persian Gulf to Bangkok and Laem Chabang is another advantage to receive the product at the destination in the shortest possible time.
6. The suitable transit time and receiving the cargo within 4-5 weeks is another favorable advantage for the customers.
7. Inspecting cargo by SGS company to certify the bitumen quality thoroughly.

Certificate N°: 2304160024

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PRE-SHIPMENT INSPECTION CERTIFICATE

In pursuance to an inspection order given to us, the goods described hereunder were presented:

Applicant: Infinity Galaxy Co
 Goods Description: Bitumen 60/70
 Booking No.: 83760
 Scope of Inspection: Visual Inspection, Quality Check as per client's request, Packing and Marking Check, Stuffing Containers, Sampling and sending sample to Tashkhis oil lab
 Date(s) of Inspection: 08th, 09th, 11th, 13th and 14th April 2023
 Place of Inspection: Arya Salar warehouse, Shahid Rajaei port, Bandar Abbas-Iran
 Inspection Method: Random

FINDINGS

We hereby report the following:

PACKING:

- The commodity was poured into two layer of big plastic bag and mouth of them secured by a silk rope, which subsequently placed into a jumbo bag then the mouth of them secured by a silk rope.
- Each jumbo bag was placed inside of a pipe-shelf which was fixed on the wooden pallet.



- Type of packages: jumbo bag
 - Condition of packages: new jumbo bag
 - Amongst the dimension checking of box following figures was obtained:

Height of box	± 104	± 0.5 Cm
Length of box	± 109	± 0.5 Cm
Width of box	± 109	± 0.5 Cm

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The most appropriate packings of Iran in Thailand market are:

1. Bitumen in jumbo bag 1MT with metal cage and wooden pallet. Being zero waste and eco-friendly, this packing can be definitely a more appropriate

choice in Thailand market. It should be also noted that this packing is cheaper than the packing of new steel drum.

2. Bitumen in new steel drums of 180kg that might not be suggested to be used especially in some of the islands of Thailand due to environmental issues.



One of the main criteria of testifying Iran bitumen quality and comparing it with other manufacturers' is to investigate the full SGS report. It should be noted that many international inspecting companies are working in Iran and SGS is one of them. One of the ways to recognize the high-quality bitumen of Iran from other producers in the region is to test "spot test" as a main item of assessing bitumen quality. If the spot test results negative, it means the bitumen has been produced from pure crude oil and it is known a high-quality bitumen.

I would like to have a brief introduction on some other products which are popular in Thailand market as well:

Base Oil:

During the period January to April 2023, Thailand imported 110,834 MT of base oil.

As per the data analysis by our team, import of the country was down by 9% in comparison of same duration in 2022.

During the period January to April 2023, Thailand exported 88421 MT of base oil.

Iran base oil which is mainly imported to Thailand with the origin of UAE has a very high quality and the consumers are attracted to this product of Iran.

Thailand Base Oil Import in MT January to April 2023					
Country	23-Jan	23-Feb	23-Mar	23-Apr	TOTAL
South Korea	6,324.00	19,051.00	15,564.00	18,091.00	59,030.00
Singapore	9,569.00	7,979.00	9,410.00	9,350.00	36,308.00
Japan	2,251.00	95.00	577.00	3,578.00	6,501.00
Qatar	2,670.00	1,841.00	373.00	1,381.00	6,265.00
USA	112.00	155.00	266.00	67.00	600.00
Indonesia	0.00	184.00	206.00	165.00	555.00
UAE	354.00	232.00	544.00	446.00	1,576.00
Total	21,280.00	29,537.00	26,940.00	33,077.00	110,834.00

Thailand Base Oil Export in MT January to April 2023					
Country	23-Jan	23-Feb	23-Mar	23-Apr	TOTAL
Singapore	11,867.00	12,422.00	13,714.00	10,494.00	48,497.00
China	9,758.00	11,103.00	7,380.00	0.00	28,241.00
Vietnam	66.00	770.00	2,088.00	323.00	3,247.00
Bangladesh	0.00	2,829.00	112.00	0.00	2,941.00
Taiwan	66.00	226.00	90.00	90.00	472.00
Other Countries	142.00	106.00	1,136.00	3,638.00	5,022.00
Grand Total	21,899.00	27,457.00	24,520.00	14,545.00	88,421.00

Paraffin:

During the period January to April 2023, Thailand imported 7,446 MT of Fully Refined Paraffin Wax.

Thailand Paraffin Wax Import in MT January to April 2023					
Country	23-Jan	23-Feb	23-Mar	23-Apr	TOTAL
China	563.00	1,574.00	1,339.00	1,326.00	4,802.00
Malaysia	264.00	376.00	415.00	152.00	1,207.00
Japan	180.00	424.00	400.00	201.00	1,205.00
UAE	148.00	37.00	29.00	18.00	232.00
Total	1,155.00	2,411.00	2,183.00	1,697.00	7,446.00

There is not any accurate and clear data about the amount of imported semi-refined paraffin wax to Thailand but this product is available in Iran with a high quality containing desirable lubricant and slack wax. Its prices are also competitive to be supplied in Thailand market.

Why Infinity Galaxy?

The mission of Infinity Galaxy is to inform the role players of the bitumen market of what is going on in this market and our weekly reports in the fields of bitumen and other petrochemicals like base oil, paraffin, caustic soda are helpful guidelines to our valued buyers to make the most appropriate decisions at the time of making any deal.

The weekly newsletter of Infinity Galaxy is another achievement of our hardworking team and anyone interested in receiving the latest updates of the market can simply drop a mail to news@infinitygalaxy.org and our team will follow the next steps with you. Our operation team at Bandar Abbas is updating us with the loading status of every single cargo and the clients will be updated accordingly too. The experience of making training and informative movies and motion graphics is among the other brilliant accomplishments of Infinity Galaxy. Our first and last purpose is to export bitumen and other commodities in the most possible productive way so that our valued clients experience a safe deal.

Survival in such a risky and challenging market is not an easy task but with a policy of 24/7 (twenty-four seven) service, we at Infinity Galaxy have been attempting to stay in this market with all its ups and downs.