



# Lubricant Market Report 2010

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A report containing an analysis on sales, market share, imports/exports, production, lubricant standards and government revenue.

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## 1. Authorized Parties/Brands

As at end of year 2010, there were fourteen (14) parties authorized to import, export, sell, supply and distribute lubricants (Activity 1) and two(2) parties authorized to import, export, sell, supply, distribute and blend lubricants (Activity 2) under twenty two (22) authorized brands in Sri Lanka.

Table below shows that list of authorized parties/brands and activities.

Brand(s)	Company	Nominee	Activity
 (Caltex, Chevron, Texaco, Lanka)	Chevron Ceylon Limited	Chevron Lubricants Lanka PLC	Activity 2
 (Servo)	Indian Oil Corporation Limited	Lanka IOC PLC	Activity 2
 (ExxonMobil, Esso, Mobil)	ExxonMobil Asia Pacific Pte. Ltd.	McLarens Lubricants Limited	Activity 1
 (Valvoline)	Ashland Inc.	United Motors Lanka Limited	Activity 1
 (Shell)	Shell Trading (Middle East) Private Limited	N. M. Distributors (Pvt) Limited	Activity 1
 (BP, Castrol)	BP France S.A.	Associated Motorways Limited	Activity 1
 (Laugfs)	Laugfs Holdings Limited	Laugfs Lubricants Limited	Activity 1
 (MAK)	Bharat Petroleum Corporation Limited	TVS Lanka (Pvt) Limited	Activity 1
 (Motul)	Motul France S.A.	Dynamic Motors (Pvt) Limited	Activity 1
 (Gulf)	Gulf Oil International Limited	Western Auto Lanka Pvt. Limited	Activity 1
 (Greatwall)	Lubricant Company Sinopec Corporation	Interocean Services Limited	Activity 1
 (Toyota)	Toyota Tsusho Corporation	Toyota Lanka (Pvt) Limited	Activity 1
 (Total, Elf)	Total Lubricants India Limited	ABC Lubricants (Pvt) Limited	Activity 1
 (Hyrax)	Ceylon Petroleum Corporation	-	Activity 1

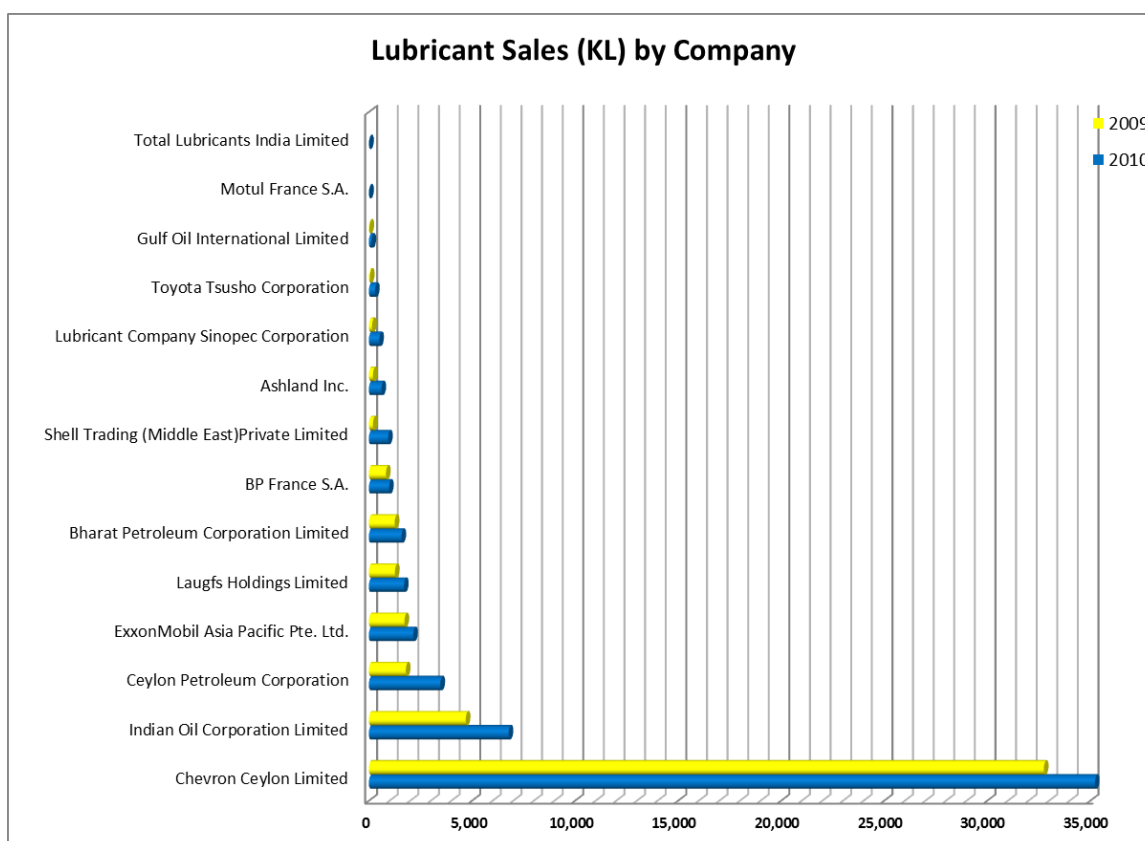
## 2. Sales and Market Share

A total of 54,369 KL of lubricants worth of Rs. 14 billion were sold during the year 2010, out of which 70% of total sales were automotive products while industrial, marine and greases accounted for 16%, 7% and 4% respectively.

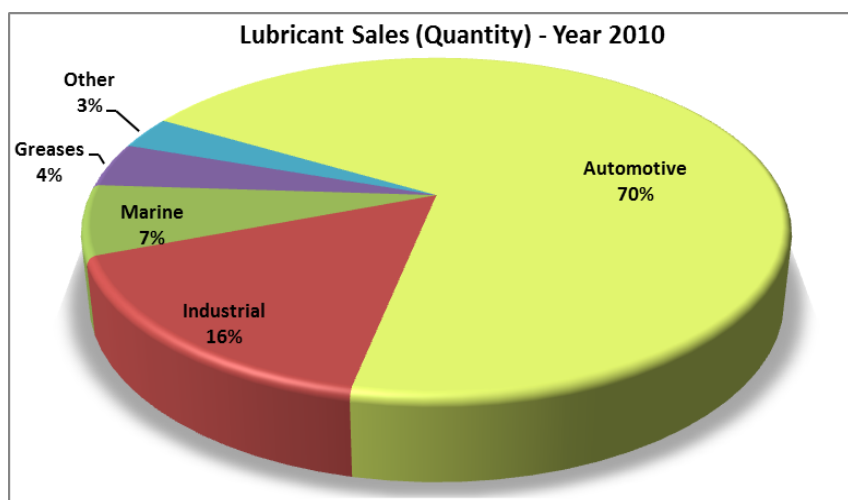
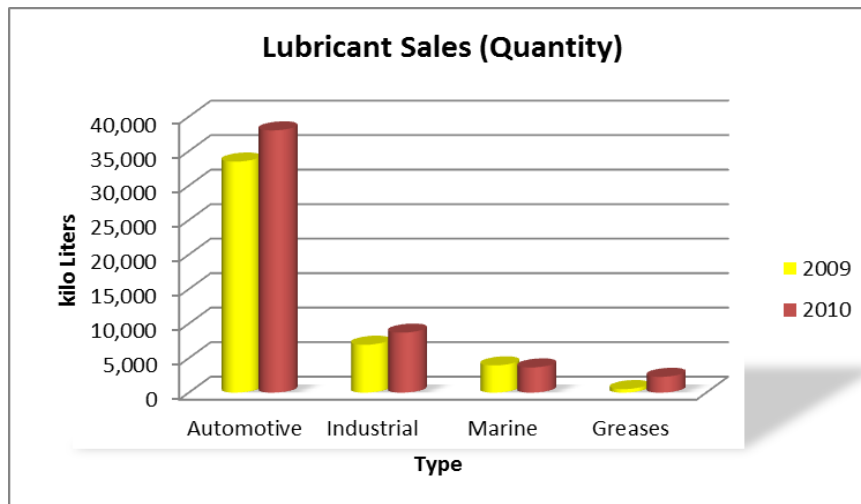
Market leader held a share of 65% (reduced from 73% in 2009) whilst its nearest competitor has increased its share to 12% (from 10%). The market share of remaining twelve participants has increased considerably to 23% (from 15% in 2009). This is a result of several parties who entered the market upon full liberalization in 2006, consolidating their positions in the market.

The sales and the market share are given in the table and graphs below

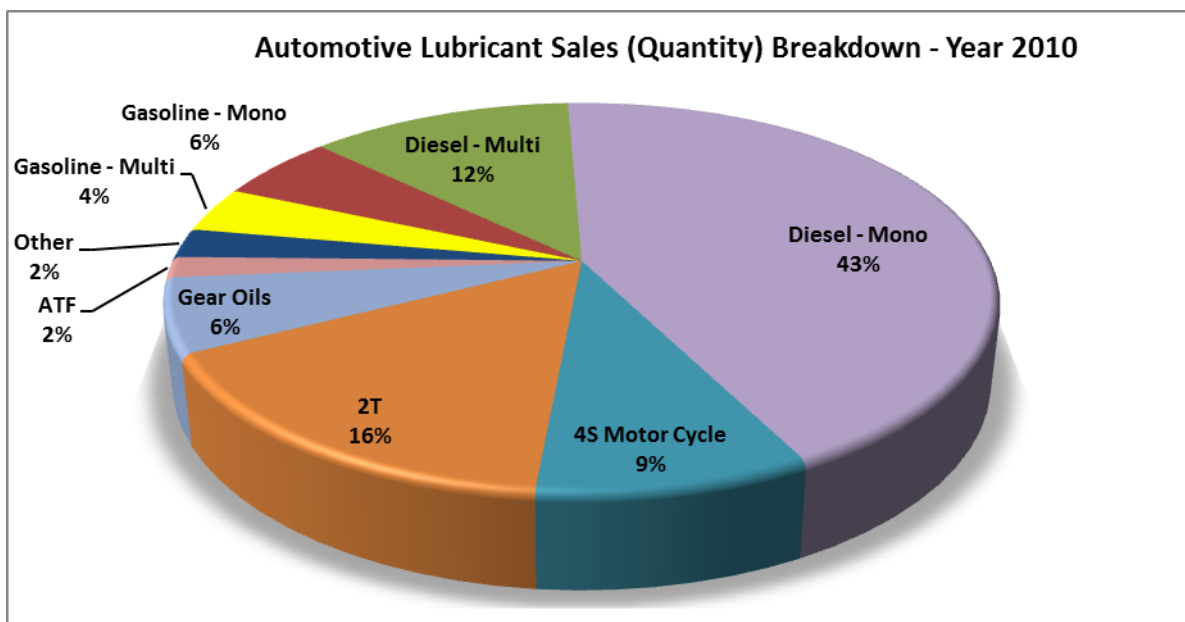
Company	2010 Sales		2009 Sales	
	KL	%	KL	%
Chevron Ceylon Limited	35,232.0	64.78	32,753.3	72.9
Indian Oil Corporation Limited	6,780.0	12.47	4,700.0	10.5
Ceylon Petroleum Corporation	3,468.0	6.38	1,727.4	3.8
ExxonMobil Asia Pacific Pte. Ltd.	2,151.0	3.96	1,792.0	4.0
Laugfs Holdings Limited	1,699.0	3.12	829.0	1.8
Bharat Petroleum Corporation Limited	1,580.0	2.91	1,265.5	2.8
BP France S.A.	978.0	1.80		0.0
Shell Trading (Middle East)Private Limited	933.0	1.72	1,253.4	2.8
Ashland Inc.	607.8	1.12		0.0
Lubricant Company Sinopec Corporation	503.0	0.92	155.0	0.3
Toyota Tsusho Corporation	296.0	0.54	198.0	0.4
Gulf Oil International Limited	127.0	0.23	195.6	0.4
Motul France S.A.	17.2	0.03	25.0	0.1
Total Lubricants India Limited	14.0	0.03	50.7	0.1
Total	54,386.0	100.00	44,945.0	100.0



Lubricant sales (KL) figures of each type are depicted in following graph.



Following pie chart depicts sales quantities of Automotive Lubricants.





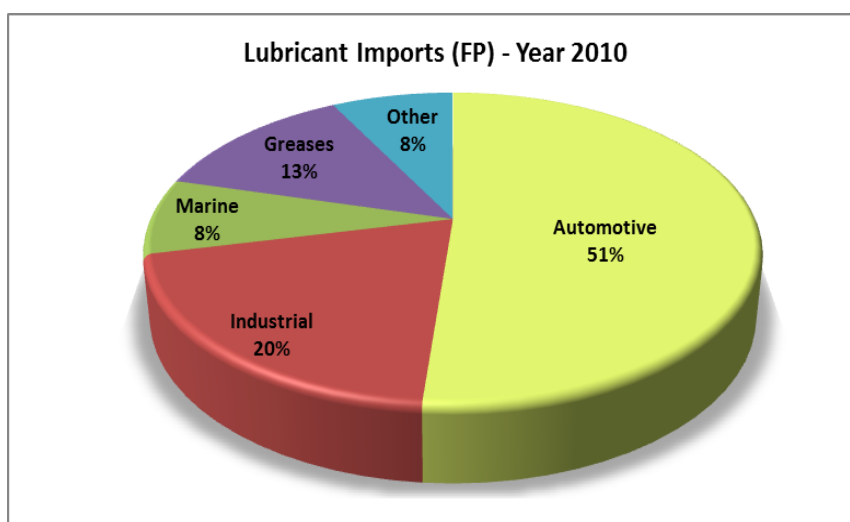
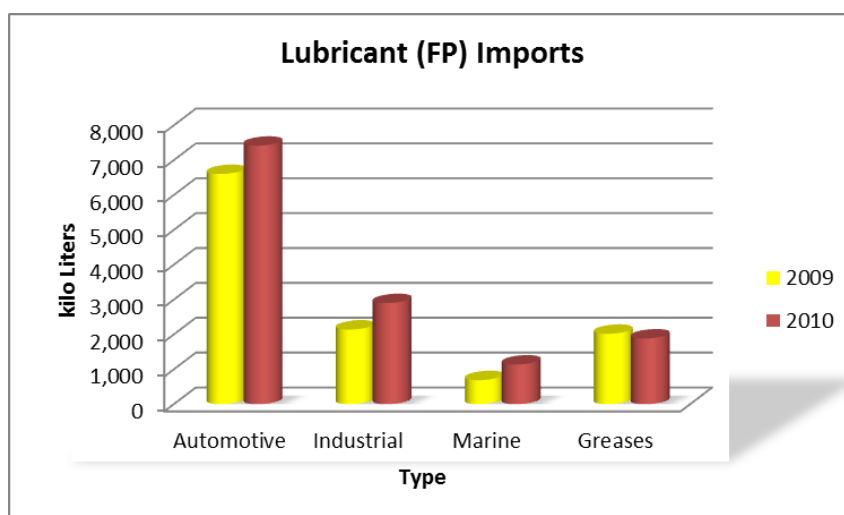
Summary of total lubricant sales is given in following table.

Year	Quantity (KL)	LKR '000
2009	44,945	11,038,612
2010	54,369	14,019,638
Annual increase (%)	21	27

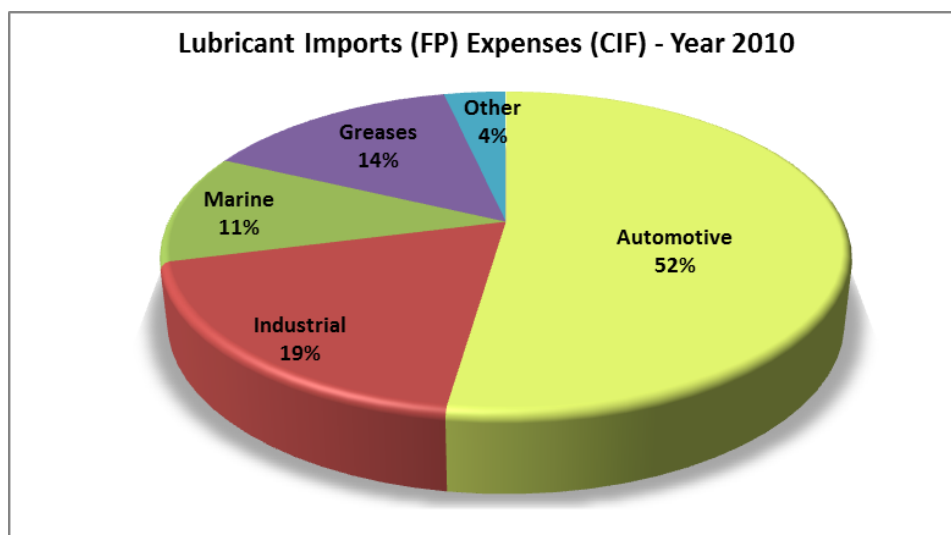
### 3. Imports

A total of 18,856 Kilo Liters of finished lubricants and greases worth of Rs. 3,337 Million were imported during the year 2010; automotive, industrial, marine and greases segments accounts for 62%, 16%, 6% and 10% of the total imports, respectively.

A total of 35,140 Kilo Liters of base oils worth Rs. 3.4 Billion and 3,087 Kilo Liters (Rs. 0.8 Billion) of additives worth Rs. 0.9 Billion were imported by the two parties authorized to blend and produce lubricants and greases. Lubricant imports (KL) on each type are given in following charts.



Expenditure for lubricant imports are given in following chart



#### **4. Exports**

During the year, 3,200 Kilo Litres of Lubricants were exported to regional markets. There exist greater potential for such exports, especially in view of bi/multi lateral concessionary trade agreements between Sri Lanka and other countries.

#### **5. Production**

During the year 2010, around 74 % (40,100 KL) of the local lubricant requirement was produced (blended) locally. Around 88% (35,230 KL) of the blending was carried out at the lube blending plant of Chevron located at Kolonnawa while the balance 10% (5,257) was produced at lube blending plant belonging to IOC located at China Bay.

The two authorized parties to blend and produce lubricants in Sri Lanka i.e. Chevron and IOC have produced about 90% and 75% respectively of their sales locally, mainly to gain the advantage from the prevailing import tariff differential between raw materials and finished lubricants.

#### **6. Lubricant Standards**

The mandatory minimum quality standards for imported and blended lubricants and greases stipulated by the GOSL, have been based on standards published by international organizations such as American Petroleum Institute (API), Japanese Automobile Standards Organization (JASO) etc . Recently, Sri Lanka Standards Institute has published Sri Lanka standards for Gasoline Engine Lubricating Oil, Diesel Engine Lubricating Oil, Automotive Gear Oil, Four Stroke Motorcycle and general purpose Greases and these are used as the currently applicable minimum standards. Sri Lankan Standards may be obtained from SLSI.

Currently applicable minimum standards are given below.

Product	Minimum Standard	Equivalent International Standard
Gasoline Engine Oil	SLSI 1374/2009	API SJ
Diesel Engine Oil	SLSI 1373/2009	API CF
Two Stroke Engine Oil	JASO FC	JASO FC
Four Stroke Engine Oil	SLSI 1409/2011	API SG and JASO MA
Automotive Gear Oil	SLSI 1396/2010	API GL4
Automatic Transmission Oil	DEXRON IID, DEXRON III MERCON, ALLISON C4, JASO M315 Type Group A	DEXRON IID, DEXRON III MERCON, ALLISON C4, JASO M315 Type Group A
Base Oil	API Group I	API Group I
Grease	SLSI 1424/2011	NLGI LA

## 7. Government Revenue

The GOSL receives income from the fourteen authorized parties by way of a bi-annual fixed and in some cases a variable registration fee, which is equivalent to 1 million Rupees or 0.5% of total invoiced sales for that period, whichever is higher, subject to a maximum of five million Rupees. In 2010 the Government has received a total income of Rs. 46.1 million compared to Rs. 40.1 for the year 2009.