



Struggling Markets

Mature stand alone markets already facing the heat due to falling demand or stagnant growth were further aggravated by the pandemic. Refiners in the far end of Pacific were the biggest casualty.



Biofuels to Rescue

Heavily impacted by drop in oil products demand, some refiners are planning to decrease crude processing operations while opting for ramping up biofuel production.



Restructuring Mode

Sensing the demand pattern in a flux, the Global Majors had been restructuring their wide and diversified portfolio for some years now, trimming down assets to few, core markets, and the pandemic has quickened the pace of this shift.



Closures in Sights

As new refining capacity comes online, particularly in the Middle East and Asia, and some in Africa, more closures, especially in Europe followed by North America are expected in future.

~6.2 MMb/d of new crude capacity addition estimated between 2020-25 globally

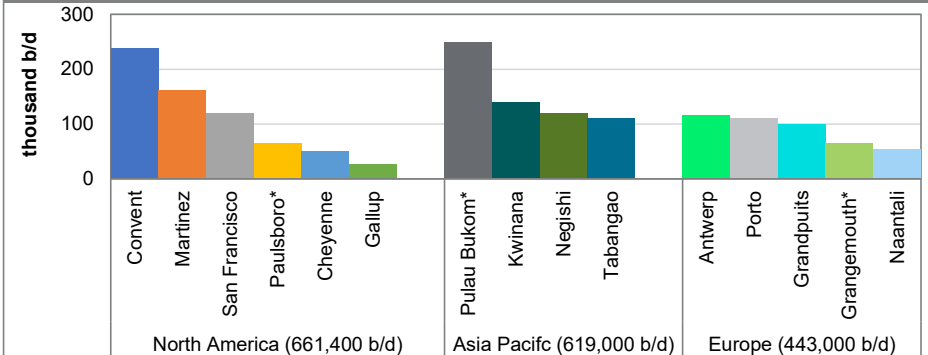
48% in Asia Pacific, 28% in Middle East, 12% in Africa and 12% in Rest of World

1.72 MMb/d of refining capacity across 15 refineries either closed or announced to be closed

Share of Global Majors as a group out of total global capacity rationalization stands at 837,000 b/d (49%)

Additional 584,000 b/d of capacity, either currently offline or under stress, is at stake for potential shutdown

Capacity rationalization across regions since Jan 1, 2020 attributed to COVID-19



Note: Capacity rationalization since Jan 1, 2020, either announced or completed

* Signifies partial rationalization

Source: IHS Markit

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The decline in demand for refined products due to the pandemic and a renewed interest in energy transition has made it more important for refiners to evolve their business and align them with changing market demand.

Company Strategies and Performance service provides detailed discussion and comparison of strategies of each company, including diversification into non-downstream segments and integration to petrochemicals.

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