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China to raise commercial oil storage more than 10%

BEIJING (Reuters) — Storage companies in China are set to boost commercial oil tank capacity by more than a tenth this year, just in time to cash in on speculative demand to stock up on cheap crude, a survey of storage and trading executives shows.

The volume of at least 42 million barrels of crude represents about one week of China's net crude oil imports, and purchases to fill the tanks could offer support global oil prices that have more than halved since last summer to drop below \$50 a barrel as Saudi-led OPEC faces off with US shale producers.

Traders and producers are seeking to stash crude to sell months down the line on expectations that prices will possibly recover towards late 2015. Up to 30 tankers have been booked for such a purpose, Reuters has reported.

Storage operators looking to meet this demand include Dutch tank and terminal specialist Vopak, Hong Kong-listed Brightoil Petroleum and little-known private companies CEFC China Energy and Zhejiang Tianlu Energy Group.

Vopak, building an 8.8-million-barrel base in Yangpu on the southern island province of Hainan, is already getting enquiries for the lease of storage space due to be ready around April, said sources with direct knowledge of the discussions.