Oil and gas companies in uae pdf

Continue

Take advantage of our market research to plan your expansion into the Philippine oil & gas market. This guide includes information on: Current market needs The competitive landscape, Best prospects for U.S. exporters, Market entry strategies, The regulatory environment, Technical barriers to trade, and more. Explore oil and gas export opportunities and the regulatory environment in the Philippines. Best Prospects for U.S. Exporters Regulations / Registration Process Technical Barriers & Tariffs Getting Paid / Trade Finance U.S. Commercial Service Information Tab Options Executive Summary Recent Market Trends Competitive Landscape Best Prospects for U.S. Exporters Market Entry Regulations / Registration Process Technical Barriers & Tariffs Procurement & Tenders Getting Paid / Trade Finance Local Industry Resources U.S. Commercial Service Information The Philippine Department of Energy (DOE) has outlined an overly ambitious two-fold agenda of attaining energy security and implementing power market reforms. By 2040, the Philippine oil and gas sector intends to increase reserves and production of local oil, gas and coal, improve downstream oil industry policies for the continuous supply of high quality and quantity petroleum products, and establish an investment-driven natural gas industry in the Philippines. Likewise, “on-site” or small-scale power generation using marginal gas fields will be promoted. The Philippine assumes that population will increase from 105 million in 2017 to 148 million in 2040. Such plans are critical as the country faces a loss of almost 30% of its fuel supply source (which will impact approximately 3,000 megawatts of generation) in 2024 when the Malampaya natural gas fields are expected to be depleted. The nation needs to find a new source of energy to compensate for this loss as it seeks to maintain its economic growth and support the country`s infrastructure boom. The immediate plan for this would be through encouraging offshore investment and developing LNG infrastructure. While the Department of Energy created a Philippine Conventional Energy Contracting Program (PCECP) to encourage offshore exploration, interest has been low due to concerns over contract sanctity, and the nation lags ASEAN neighbors in terms of exploration. While the Government has ambitious plans, there is concern whether there will be enough non-Chinese foreign investment to ensure true competitive development in this sector. LNG has attracted great interest despite ambiguous policies and high initial investment requirements. Furthermore, despite significant interest, to date, all projects (with one exception) are at the permitting project stage. Many of the large power generators in the Philippines are interested in utilizing gas as a part of their portfolio mix, however, are not interested in investing in the necessary infrastructure as a firstcomer. A lack of incentives for LNG use further discourages foreign investment and participation. Should the nation be unable to address the challenges in both offshore exploration and LNG development, it will face a huge energy crisis. The upstream sector is characterized by a single-project, the Malampaya Gas Field, owned and operated by a consortium of Shell Philippines Exploration B.V., Chevron Texaco (US) and Philippine National Oil Company Exploration Corporation (PNOC-EC). To ensure a secure and stable supply, the Department of Energy intends to promote the balance development of LNG importation in parallel with the exploration of indigenous gas reserves. The downstream sector involves the processing, selling, and distribution of natural gas and petroleum products. It also plays an integral part of fueling various industries (e.g. transportation and power). The country’s downstream sector has been deregulated since 1998, and is dominated by three players: Petron Pilipinas, Shell, and Chevron. In 2019, the Philippines imported various types of crude oil. Around 85 percent of the total crude mix (30,200 MB) was sourced from the UAE, Kuwait, Russia and Saudi Arabia. The remaining 15 percent was imported from ASEAN countries, Australia, Taiwan and South Korea. The early player in LNG development is local firm FirstGen, whose plans include development of its own storage and regasification unit to replenish feedstock needed for its 3 GW gas-powered plants. The company considers an early investment into a 5 million ton per year LNG facility a strategic decision to ensure continued access to a gas supply for their existing plants. FirstGen has conducted extensive legwork on its proposed development and plans and has submitted an application to build the country’s first LNG import terminal. As of December 2019, it is one of three firms that have received a notice to proceed. An emerging player, Phoenix Petroleum, is becoming the fastest-growing independent oil company, and has also received a notice to proceed in building the nation’s first LNG import terminal. Provided that both entities (Phoenix and FirstGen) receive the necessary permits and validate finances, they will be able to receive a permit to construct. Phoenix is into operation of oil depots, storage, transport services, integrated logistics services and petroleum trading in Southeast Asia. Generally, industry players have high regard and strong affinity for U.S. equipment and services. In fact, several U.S. products serve as the local industry’s benchmark, particularly in terms of technical specifications. Philippine-based buyers or Service Contract owners mainly source their major equipment and service requirements from suppliers in Singapore, which is largely considered a hub for oil and gas activities in the Southeast Asian region. For ancillary services (e.g., logistics, supply of manpower, repairs and servicing of platforms, documentation and liaison with regulatory bodies), the project owners usually rely on local contractors. As in the global oil and gas exploration industry, large U.S. companies take the lead in securing “packaged” solutions (i.e., a comprehensive array of equipment and services sourced from different suppliers or service providers and offered as a package) from the multinationals. Smaller players in the industry source equipment and services on an individual, “as needed” basis. Service contract owners and operators have the option to buy or lease, depending on the agreement with the supplier. U.S. companies are major mark players in both services provision and equipment supply. Most of the service providers in geophysical (i.e., seismic, magnetic and gravity) surveys, drilling services, and geological consultants are from the U.S. or are affiliates of U.S.-based companies. For the downstream refinery business, Petron’s Limay refinery has a capacity of 180,000 bpd (barrels per day), with the portfolio including jet oil, liquefied petroleum gas (LPG), kerosene, diesel, gasoline and a range of petrochemical feedstocks. Petron also operates a lubrication oil and blending plant and a fuel additives plant at Subic Bay in Luzon island. The company’s distribution network consists of 32 depots feeding into 1,300 service stations in the Philippines. Opportunities exist for U.S. suppliers of technologies that can support plant maintenance, production plant efficiency and fuel supply. There has been some interest in the development of small vessel distribution to outlying islands once a large receiving terminal is developed. Philippine conglomerates have also identified plans and roadmaps to develop micro-LNG or CNG infrastructure that will require liquefaction, storage, transport and micro-terminals. Agents and distributors are commonly used in the Philippines and are essential for most U.S. companies. Government procurement requires a foreign firm to have a local partner, with certain exceptions. U.S. companies should be patient yet diligent in pursuing contracts, particularly projects with the Philippine Government. U.S. firms seeking partners in the Philippines are encouraged to use the services of the U.S. Commercial Service Philippines (CS Philippines). For more information, visit . The Philippines has initiated a National Gas Policy Framework to fully implement the development of the integrated liquefied natural gas (LNG) receiving and distributing facility. To prepare the natural gas industry with the eventual passage of this bill, the Department of Energy-Department Circular 2017-11-00112 or the Philippine Downstream Natural Gas Regulation (PDNGR), was issued to establish the rules and regulations relating to the siting, design, construction, expansion, rehabilitation, modification, operations and maintenance of the Philippine Downstream Natural Gas Industry (PDGNI). In February 2019, the U.S. Department of State’s Bureau of Energy Resource completed its $500,000 energy assistance project implemented by the University of Philippines Statistical Center Research Foundation. The Gas Policy Development Project provides natural gas policy and regulation technical assistance to the Department of Energy and covers international best practices on evaluating LNG terminal proposals. To avoid any conflict of interest with the Department of Energy’s approval processes, the project was implemented by an academic institution. The country’s downstream sector is regulated through the Republic Act No. 8479, an Act Deregulating the Downstream Oil Industry and for Other Purposes. The law calls for a truly competitive market – fair prices, adequate supply of environmentally clean and high-quality petroleum products. It also created a free market atmosphere encouraging other players and investors to join the downstream oil sector. Generally, there are no tariffs or duties imposed on imported exploration and production equipment if used for such purpose, and if the equipment cannot be sourced locally. There are provisions in the Service Contracts or ancillary agreements regarding taxes levied on services rendered, but offshore oil and gas exploration, development and production are exempted from the 12% Value Added Tax (VAT) imposed on finished goods and services. Also, unlike other countries, there are no royalties imposed by the Philippine government on service contracts or production sharing agreements above and beyond the profit-sharing scheme. However, the ongoing tax dispute over Chevron and Shell’s Malampaya offshore gas project, geopolitical issues on drilling in the West Philippine Sea, and potential removal of incentives for the oil and gas industry (part of the country’s comprehensive tax reform legislation) and heavy bureaucracy (115 permits) will likely continue to deter upstream investment, leaving the country without a critical and sustainable domestic energy supply. The Philippine Government and Department of Energy is receptive to offers of assistance which would allow them to draft appropriate policies for the development of the mid- and downstream gas sector. The release of the December 2017 Circular 2017-11-0012 (Rules and Regulations Governing the Philippine Downstream Natural Gas Industry) provided some new guidance but did not outline a clear tender and evaluation process for candidates interested in constructing LNG facilities. This may be why the current process for LNG facilities is an application process and not a tender. The Department has indicated that it needs help to create tender specifications that would allow for a technical evaluation of qualified candidates. Since the Philippines is a private sector driven market, each major power conglomerate has its own procurement and vendor accreditation process. Typically, they also contract services of engineering, procurement and construction companies (EPCs) usually dominated by U.S. companies. Chevron, Phoenix, Isla LPG, Petron, PTT, Total, and Shell provide procurement opportunities to meet supply requirements including processing, selling and distribution of gas and oil- based products. conglomerates can typically finance their own projects through its corporate banking network. The money market is highly liquid and most of the Philippine banks offer competitive rates. U.S. financing institutions such as the Development Finance Corporation (DFC) and the U.S. Ex-Im Bank continues to explore opportunities in the Philippines. DFC has a regional office in Bangkok. The Ex-Im Bank, the official export credit agency of the United States, provides export credit insurance, loan guarantees, and project and structured finance for U.S. exporters and foreign buyers of U.S. goods and services. U.S. Commercial Service Philippines Thess Q. Sula, Commercial Specialist (Energy) Email: Thess.Sula@trade.gov; Tel. (+632) 5301-4146 Website: www.trade.gov/philippines