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1 Changes in the Wholesale Fuel Supply Chain

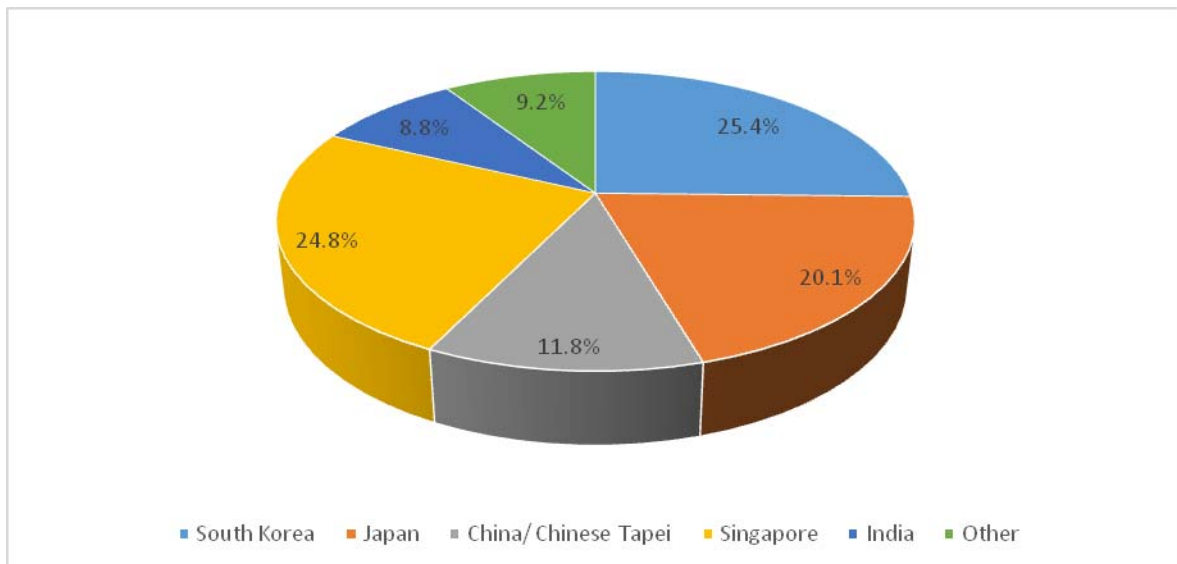
1.1 Australian Imports of Bulk Fuels

In 2015/16 Australia imported 23.3 billion litres of diesel and jet fuel¹. Of this diesel and jet fuel only 24.8% was sourced from the Singapore Trading Hub. That is 75.2% of the imported diesel and jet fuel originated from countries other than Singapore.

Singapore has traditionally been the marketing hub or clearing house for fuels in the Asia Pacific region and fuels import parity pricing in Australia has traditionally been priced off a Singapore Benchmark. Pricing in other source Asian refining locations is generally priced at a discount to the Singapore Benchmark, reflecting Singapore's function as a trading hub and clearing house for refined product in medium range product tankers.

However with over 75% of imported fuel into Australia now bypassing the Singapore Trading Hub, Australian Buyers can procure at a discount if they elect to source directly from Asian refineries and bypass Singapore. In marketing terms, the Buyer may choose to cut out the middleman (Singapore) and obtain a resultant lower price.

Figure 1: Australian imports of diesel and jet fuel by Country of Origin



¹ Data sourced from Petroleum statistics as published by the Office of the Chief Economist accessed at www.industry.gov.au/Office-of-the-Chief-Economist