

# MEETING BUSINESS CHALLENGES

INDUSTRY LEADERS FROM **RUSSIA**, THE **MIDDLE EAST** AND **CHINA** GATHER TO SHARE IDEAS

Regional symposiums hosted by Shell Global Solutions in Moscow, Dubai and Shanghai over the past few months have provided valuable insights into the challenges facing the oil, gas and petrochemical companies in these regions. They have also provided intimate forums for delegates to exchange experiences and ideas.

## Russia

The symposium held in Moscow addressed the issues facing the Russian oil industry. One of these is the drive to modernise the country's refineries to enable deeper conversion of crude oil and to produce high-quality transport fuels and raw materials for the petrochemical industry.

In a recent study, the US Department of Energy predicted that Russia's refined-product exports are expected to remain high, especially as refining capacity outstrips local demand. The total crude-oil processing capacity of its oil refineries is over 5 million barrels per day, whereas domestic demand is currently around

2.5 million barrels per day.<sup>1</sup> Russia is looking to Asia for its export market, as demand for oil products in China and India is expected to double by 2015.

The country is also looking at energy costs and the environmental impact of its activities, especially in view of the recent ratification of the Kyoto Protocol. Russia's aim will be to reduce emissions and the costs of energy and production, and to address environmental legacy issues.

The symposium agenda focused on technology, and residue upgrading was of particular interest to those delegates seeking to switch their refinery product slates away from fuel oil towards production of more gasoline and diesel. The relative merits of hydrocracking and fluidised catalytic cracking were discussed at length, and there was a presentation on a residue-upgrading project at Gdansk refinery, which involves a combination of hydrocracking and gasification. During the panel session, Sergei Martinov, director of Sibneft's Omsk refinery, talked about the ongoing performance improvement programme that his company is carrying out with help from Shell Global Solutions.

## Middle East

The challenges posed by the current rapid pace of industrial development in the Middle East set the agenda for the meeting in Dubai. As many large projects are being undertaken concurrently, there is pressure on capital, material and human resources. Investments totalling around \$420 billion have been announced for the Middle East over the next five years.



This level of investment can be seen in the refining sector, where new refineries are being built to cater for increased demand and the requirement for clean fuels. Heavy investment in the petrochemicals sector is expected to lead to a shift in the competitive landscape, and project economics are key to long-term viability. There are requirements for best-in-class processing and maintenance operations, and for alignment and standardisation of processes across sites to achieve long-term cost competitiveness.



NETWORKING: Delegates in Dubai exchanging experiences and ideas.



One of the discussions at the symposium centred on how to develop the skills of local workers and so add value to the region in the broadest manner possible. Mohammed Al Omaid, president of Saudi Aramco Shell Refinery, described the measures being taken by his company to improve its competitive position through restructuring business processes and, indeed, the entire organisation. This presentation complemented one by Ken Rivers, manager of Shell Stanlow refinery (UK), who talked about the importance

of change management not only in lifting a refinery up to the top-performance quartile but also in keeping it there.

### China

China plays a strategic role in world oil markets; by 2025 its oil demand is projected to reach 12.8 million barrels per day and its net imports to reach 9.4 million barrels per day.<sup>1</sup> China is the world's second largest petroleum consumer and has been a net oil importer since 1993, so the country's focus is on meeting domestic demand.

As a large percentage of China's imported oil comes from the Middle East, the country is working to upgrade its existing refineries to handle the heavier Middle East crude oil, which has a high sulphur content and a high total acid number. These were some of the issues covered at the symposium in Shanghai, including in the presentation by Mr Lin Yiqun, refining director of Sinopec, that outlined the challenges facing the Chinese oil and gas industry.

Later on, and reflecting the sharp increase in energy demand highlighted by Mr Lin Yiqun's presentation, discussion ranged around how to

- increase the output of existing refineries
- plan and manage large expansion projects
- maximise the production of cleaner fuels as cost-effectively as possible
- keep atmospheric emission levels in check.

Also high on the agenda in China were the issues of company cultural change and the measures necessary to revise the



SHANGHAI AT NIGHT: China plays a strategic role in world energy markets.

attitudes of not just people but whole organisations. In this regard, the presentation by John Buckright, managing principal, Shell Global Solutions International BV, on "what makes a good company great" stimulated some very lively debate.

### Looking forward

The feedback from those attending the meetings, mainly senior managers in strategic decision-making roles, has been overwhelmingly positive. The September symposium in Santiago, Chile, will include discussions on the country's upstream and mining sectors. The year's round of regional symposiums will conclude with an event in Tokyo, Japan, in October.

Plans are already in place for next year. Rather than regional events, there will be a single global Executive Summit in London at the end of June. The date has been chosen to coincide with the Wimbledon Tennis Championships, and the organisers are arranging for delegates to attend on one of the days. The Summit will follow the format of Shell Global Solutions' first Executive Summit held in 2004 near London, UK, which attracted more than 70 senior executives from 43 companies around the world.

---

• Contact: Alexia Schlaudecker  
Email: [alexia.schlaudecker@shell.com](mailto:alexia.schlaudecker@shell.com)

---

<sup>1</sup>Source: Energy Information Administration, US Department of Energy.