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ROUTES DU MONDE

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Pörner's 9th plant for India



Pörner will be delivering a Biturox bitumen plant like this one to Indian Oil Corporation's Mathura refinery and like this plant built for SAMIR in Morocco in 2011, it will be supplied on a turnkey basis

Austrian firm Pörner has signed its third contract with Indian Oil Corporation to supply a Biturox bitumen plant to the Barauni Refinery, 100km east of Patna. Pörner has already supplied Biturox plants to refineries in Gujarat in 2001 and Mathura in 2010 for Indian Oil Corporation, India's largest oil company.

The plant will process vacuum residue (VR) and heavy vacuum gas oil (HVGO) from the refinery and turn it into road paving bitumen of viscosity grades between VG-10 and VG-40. With a heat recovery system which sees energy retrieved from the flue gas to produce steam, the plant will be both energy efficient and meet the latest environmental standards, says Pörner.

Pörner's contract is a turnkey one, including design, construction, commissioning support, start-up and licensing. Currently in the basic engineering phase, construction is expected to start on site in late 2014.

Logistics is the main challenge when installing plants in India, said Pörner's head of marketing Lydia Brandtner. The firm supplies components from European manufacturers. "Even in times of developed global transport, the just-in-time supply of European equipment to India is a challenge," she says.

This will be the ninth bitumen plant that Pörner has supplied to India. Even before this plant becomes active, 50% of India's bitumen is produced in Biturox plants.

Pörner

www.porner.at

» we have seen in prices, the volatility has not been good for contractors – or for resellers who have seen margins squeezed," said Tasker. "Larger contractors who have the capital have been looking at the price volatility and creating more storage to give themselves flexibility, looking to do deals directly with refineries."

This is a trend seen in China, the US and increasingly in Asia, said Tasker. However, refineries are sometimes reluctant to bypass resellers and deal directly with contractors as they need regular, reliable buyers for their bitumen.

The deal itself is just a small part of the bitumen buying process, however. "The reality is that bitumen is a very complicated product," said Schmidt. "Very sophisticated equipment is required to transport, store and distribute bitumen from source to end-user."

"There is a huge supply chain with many complications as bitumen is a difficult product to handle...refineries, terminal owners, ship owners, ship brokers, container carriers, packaging companies, importers, distributors, modifying companies and many others. And doing business across borders requires an understanding of the cultural and technical issues involved."

Schmidt does not see buying direct from refineries as a viable option for many contractors. "In the short- and medium-term, most of the

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Bernd Schmidt, CEO of Bitumina

contractors will not be able to buy the bitumen themselves and bring it to their destination in the right form and to the right specification. And they don't want to take the risk of transportation and cash flow."

Another result of the changing bitumen supply landscape has seen shifts to more flexible pricing during some periods, according to the Argus Asphalt Report. "Refineries have been less willing to provide long-term fixed prices for bitumen," said Tasker. "So they have been switching from longer periods of time, say six months down to one month. Or even daily pricing, with a few refineries using the 'price date of shipment'."

Daily pricing could reappear should demand

pick up again and production costs for bitumen continue to fluctuate, said Tasker. The standard period for refineries to fix prices is now a month, said Schmidt, with that period unlikely to change unless bitumen prices rise very dramatically.

With so many influencing factors, it is difficult to see what will happen next. Companies must be able to adapt fast to survive, said Schmidt. "Today markets are changing very fast. A successful bitumen company is the one that is the most flexible." ■

The next of Argus Media's three annual bitumen conferences will be the Argus Asian Bitumen Conference at Pan Pacific Singapore from 25-27 September 2013. www.argusmedia.com.