

Asia Pacific Base Oil - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

Market Report | 2024-02-17 | 100 pages | Mordor Intelligence

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Report description:

The Asia Pacific Base Oil Market size is estimated at 16.88 Million tons in 2024, and is expected to reach 21.10 Million tons by 2029, growing at a CAGR of 4.56% during the forecast period (2024-2029).

The market was negatively impacted by the COVID-19 pandemic in 2020, as due to containment measures, refineries witnessed limited production and disrupted supply chains to materialize the underlying demand in import-dependent countries. Currently, the market has recovered from the pandemic and is growing steadily.

The increasing demand for high-grade oils from the automotive sector, and increasing demand for lubricants from various industries are major factors driving the growth of the market studied.

However, the volatility in raw material (i.e., crude oil) prices stands to be a restraint in the growth of the studied market.

Nevertheless, the introduction of renewable base oil is likely to create lucrative growth opportunities for the global market.

China represents the largest market in the Asia-Pacific region and is expected to lead the studied market over the forecast period due to the high production and sales of vehicles in the region.

Asia-Pacific Base Oil Market Trends

Engine Oils to Dominate the Market

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- Engine oils are crucial in the smooth running of engines, reducing fuel emissions and improving engine performance.
- The engine oil segment dominates the demand for base oil due to the growing demand for engine oil from industries such as automotive, power, heavy equipment, metalworking, and chemicals.
- In automotive, engine oil is the most common form of lubricating oil used for better lubrication, cleaner engines, effective cooling, and protection against corrosion.
- For vehicle owners, engine oils help reduce costly repairs. It provides a longer engine lifespan and supports smooth functioning, decreasing fuel consumption and CO2 emissions.
- According to the Society of Indian Automobile Manufacturers (SIAM), in the financial year 2023, the total production volume of vehicles in India was around 25.93 million units, which was an increase of 12.54% from the previous year.
- In 2022, according to METI (Japan) and JAMA, approximately 6.57 million passenger cars were produced in Japan.
- Further, according to the Korea Automobile Manufacturers Association (KAMA), the local brand Kia Motors, followed by Hyundai Motor Company, was the leading car manufacturer in South Korea in 2022. Vehicles manufactured by Kia Motors accounted for 39.4% of automobile sales in South Korea in the same year.
- The growing number of automobiles is increasing the demand for lubricants, such as engine oil. Various companies are expanding their production capacity to meet the growing demand.
- For instance, in 2023, Exxon Mobil Corporation announced to invest INR 9 billion (USD 109.51 million) to build a lubricants production plant in Maharashtra, India.
- Additionally, in 2022, Chevron strengthened its position as a leading supplier of premium base oils to customers globally with the acquisition of Nestle Corporation's NEXBASE brand. This enhanced the strong position of the company in the Asia-Pacific region.
- Therefore, all such above-mentioned factors are likely to increase the demand for base oil in Asia-Pacific over the forecasted period.

China to Dominate the Regional Market

- In Asia-Pacific, China dominates the demand for base oil on the back of increasing demand for lubricants due to rising automotive production and increasing maintenance requirements from the industrial sector and for on-road vehicles.
- In China, demand for base oils has improved significantly, with downstream lubricant oil producers making purchases as demand from end-user industries has improved from the previous year.
- China continues to be the world's largest vehicle market in terms of both annual sales and manufacturing output, wherein domestic production is expected to reach 35 million vehicles by 2025.
- According to the Organisation Internationale des Constructeurs d'Automobiles (OICA), the total vehicle production accounted for 27 million units in 2022, registering an increase of 3.4% compared to 26 million units produced in 2021.
- According to the China Association of Automobile Manufacturers (CAAM), the total production of passenger cars and commercial vehicles in 2022 reached 2.38 million and 318 thousand units, respectively.
- Additionally, infrastructure projects have also boosted lubricant demand in China, giving rise to the demand for base oil.
- China has accelerated infrastructure investment in the first quarter of 2023 to propel economic growth, launching more than 10,000 projects throughout the country.
- The demand for power generation from the wind power sector has increased rapidly in China, which demands the installation of wind turbines. As a result, the wind power sector opens up numerous opportunities for gear oil which aids in improving the reliability and performance of machine parts and protection against mechanical wear and reduce corrosion.
- According to the Global Wind Energy Council (GWEC), China accounted for approximately 47% of the world's newly installed onshore wind power capacity in 2022.
- In 2023, China completed the installation of the world's largest wind farm, which could power 13 million homes. The CNY 6 billion (USD 885 million) project is sited Southeast of the Liua Peninsula in China's Fujian Province.

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- Therefore, the factors mentioned above contribute to the increasing demand for base oils in China during the forecast period.

Asia-Pacific Base Oil Industry Overview

The Asia-Pacific base oil market is highly consolidated in nature. The major players in the studied market (not in any particular order) include Chevron Corporation, Exxon Mobil Corporation, GS Caltex Corporation, Neste, and HP Lubricants, among others.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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