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Diesel shortages troubling logistics enterprises



Diesel rationing likely to result in price increases by local truckers.

Angry Chinese truck drivers spent hours in queues waiting to purchase rationed diesel Monday as shortages, blamed on the governments energy conservation campaign and also possible withholding by state oil companies ie Sinopec and PetroChina disrupted the domestic transport industry. These delays also impacted on loads destined for foreign markets.

Diesel shortages were reported from across China. Dalian in the northeast, Shanghai on the east coast to Kunming in the southwest.

Queues for diesel at some filling stations were up to 10 kilometres long. Even with fresh deliveries of diesel arriving at filling stations there was insufficient to cater for the needs of all the vehicles in the queue and trucks were only allocated 30 – 35 litres each which in many cases was insufficient to see them to their destinations and resulted in more refilling and delays. For some, what should have been a two day journey became a nightmare 5 days.

The increased demand for diesel is attributed to the fact that some energy inefficient industries whom have been subjected to power cuts (as part of a greater energy saving campaign) have turned to diesel burning generators to maintain their production levels.

Other reports state that a number of refineries underwent maintenance overhauls (upgrades) between July and August and were unproductive during this period whilst other reports accuse Sinopec and PetroChina of stockpiling diesel in the hope that the authorities will sanction a price increase. (There have been no price increases during the period that saw crude go from \$70.00 to \$90.00 a barrel)

China is very likely to resort to imports, in the short term, from refineries in neighbouring countries to ease the shortage problem.



