

Spanish lubricants travel the world

International expansion has become the best bet for Spanish companies. For Repsol's lubricants business, sales abroad already represent more than a third of turnover. With the Repsol Honda team as its presentation card, its lubricants are now on the shelves in more than 70 countries, in a market that is global but that will see 80% of its growth in Asia.

"Our international expansion began when we realised that what had to be internationalised was our knowledge and the brand, because the product does not travel so well" says José Carlos Pascual, Asia-Europe-ROW Manager of Repsol Lubricants. These products are already marketed on all five continents through agreements with local partners. The technological base and high range industrial production is in Spain, with oils that help reduce fuel consumption or biodegradable lubricants.

Today 40% of the world's lubricants market is in Asia, where over half of the planet's vehicles are manufactured. Repsol entered the region through Indonesia. It used to export its oils to this country but in 2006 local manufacture began and the business took off.

In search of new markets

In 2013, Repsol Lubricants has surpassed its historical sales and production records at the Puertollano plant "thanks to internationalisation", continues Antonio Portela, Repsol Director of Lubricants and Specialities. The business, which generates income of approximately 200 million euros a year and employs 150 workers across the globe, has doubled its international revenue since 2007.

Repsol's lubricants have been present for years in Portugal, France, Italy and the Balkans, but it is the emerging economies that offer growth. In Latin America, "our natural market due to cultural advantages and language", the commercial network will be completed with the incorporation of Brazil and Chile this year. Now, like all major oil firms, they are looking to make room for themselves in Asia.

On that continent, its lubricants are sold in eleven countries, to be joined by Thailand, Vietnam and Pakistan this year. Asia is a key world region in the company's international strategy "because our technology, our know-how and our brand, known in many places thanks to MotoGP, give us competitive advantages", affirms Portela.

Asia, now and in the future

The demand for lubricants is growing in Asian countries, linked to the growth in the vehicle pool. "Here China is worthy of distinction. A market that makes sense just for itself" and which in 2013 absorbed 25.7% of world vehicle sales, according to the international organisation of motor vehicle manufacturers OICA. "China, also, seems to back lubricants with European technology levels, sophisticated and environmentally friendly, where we have more to say" continues Pascual.



China absorbed 25% of global car sales in 2013

The Asian market covers diverse realities from countries in the throes of industrialisation such as Vietnam to very competitive markets like Japan, a difficult country for foreign lubricant firms “but where we have to be present because it is a technological and cultural reference for all of Asia”, asserts Pascual.

Repsol manufactures lubricants in China, Japan, Indonesia and Malaysia. All Asian factories work with a “Do it for me” contract, whereby the local partner takes care of production and Repsol charges “royalties for sale of the know-how, which is not only the technology, but also the brand and commercial track record”, explains Portela. The company markets 1,500 references worldwide and in many countries local ranges are manufactured to adapt “to the long list of product nuances, aesthetic tastes or environmental sensitivities of each market”. Indonesians, for example, prefer a 800 cm³ container for motorbike lubricants whereas in the rest of the world it is distributed in 1L canisters.

In a sector where every type of engine needs its own specific oil, lubricant ranges are classified into three major segments: industrial, marine and automotive, which includes private cars, passenger vehicles and motorbikes. The figures per segment vary widely from one country to the next. In Spain, where Repsol is the market leader and is present in all ranges, sales to industry and marine lubricants are about 30%. In automotive, the remaining 40%, “and the weight of motorbikes does not reach 1%”. In Asia, where 8 out of every 10 motorbikes are in circulation, those lubricants represent almost half of the business in some countries. “MotoGP sponsorship has opened the doors for us here” to penetrate into the other segments.

Trends: fuel-economy and biolubricants

The development of lubricants for competition teams at the Repsol Technology Centre also drives research into commercial products. The lubricant is a fluid used to reduce mechanical losses to a minimum occurring as a result of friction between engine parts. It is prepared on the basis of mixing a lubricant base with additives that give the fluid antioxidant or detergent properties. “Innovation lies in that combination being ideal for new motors” and requires continuous work together with car and motorbike manufacturers, “with whom we are now developing the lubricant that will be used in Europe as of 2016. And we are invited because of our technology”.

Fuel-economy lubricants help to reduce emissions by saving fuel

“When automotive firms speak of the lubricant of the future what they are looking for is an oil that maintains the power of the engines but that is also fuel-economy, or helps to save fuel”. This innovation makes it necessary to develop much more complex formulations, in terms of bases as well as additives, which must also meet the different Euro Standards of the EU. This legislation establishes an emissions limit for new vehicles “which lubricants help to reduce by decreasing consumption”.

Technological efforts are also directed at generating biodegradable lubricants conceived for more specific uses, such as farming machinery or outboard engines. Industrial and automotive oils, which are the major share of consumption, are recycled in most European countries. In Spain, the integrated management system (SIGAUS) makes sure that used lubricant oil is collected from workshops and industrial plants and is used to produce regenerated oils or for recovery as a power source.



The Cartagena plant will cover 40% of European demand for Group III, the automotive lubricants of the future

Industrial and technological base in Spain

The industrial scheme of Repsol Lubricants takes advantage of “the flexibility provided by local manufacture to concentrate high value production at the Puertollano plant”. The lubricants area of the industrial complex, supplied with the bases provided by the refinery, has been modernised to increase its production capacity to 120,000 tonnes per year “and to prepare us for the export market”.

Lubricant bases are grouped together on the basis of their mineral or synthetic origin. Traditional lubricants, known as Group I, are manufactured from mineral bases obtained from crude oil distillation. Among synthetic bases there are semi-synthetic lubricants, which come from oil, to those manufactured through pure chemical synthesis, such as ester. More costly to produce, synthetic bases provide however better performance and require less frequent oil changes.

This year, next to the Cartagena refinery a new production plant will be inaugurated for Group III lubricants, the most commonly used synthetic bases. The new factory, with the capacity to cater for almost half of European demand, is a joint venture between Repsol and SK. The Korean group is the world leader in this type of lubricants and only has three production centres in the world: in Korea, Indonesia and now in Spain. An industrial alliance devised for an automotive lubricants market where “the future, which is already here, is in synthetics” concludes Portela.