

# CPJ on Petroleum Marketing and Physical Distribution for Vietnam

## 1. Background

In Vietnam, where construction of the country's second refinery is underway, domestic demand is expected to increase hereafter, and accompanying this increase, human resource development is expected to become an issue of urgent concern. Personnel augmentation and human resource development are also among important issues in the oil distribution sector. In fact, the petroleum marketing company of Petrolimex is placing primary importance on strengthening its marketing framework in response to growing demand in the country and to developing human resources in oil distribution companies. Under this situation, a Customized Program-Japan (CPJ) on petroleum marketing and physical distribution was implemented in Japan as requested by Vietnam, following on from the initial program implemented in fiscal 2012.

## 2. Overview

The course was held over a period of 12 days, from December 9 to 20, 2013. It was roughly a week shorter than an average regular course, but nevertheless provided a fulfilling program that included three days of lectures at JCCP ((1) Japan's oil industry, (2) oil markets in Asia, etc.) and six days of offsite training ((1) JX Nippon Oil and Energy Staging Terminal Corporation, Kiire

Terminal; (2) JX Nippon Oil and Energy Corporation, Fukuoka Oil Terminal; (3) Fujitani Oil Inc., Head Office and service station; (4) Idemitsu Kosan Co., Ltd., Aichi Refinery; (5) Tatsuno Corporation, Yokohama Plant and nearby service station; (6) Cosmo Oil Co., Ltd., Head Office).

A group of 14 participants (including one woman) attended the course, composed mostly of executive officers and department managers in charge of marketing, as it was in last year's program. The average age of the group was 48.

## 3. Content

The lecture on "Japan's Oil Industry" provided a comprehensive view of the oil industry in Japan, and covered such topics as Japan's energy situation and particularly the energy supply-demand situation after the Great East Japan Earthquake; the effectiveness of oil in times of emergency; the necessity and status of stockpiling oil to maintain stable supply; changes in the oil industry accompanying deregulation; excessive competition in the marketing sector and the vulnerability of the oil industry; and the realities of oil quality and oil taxes.

The lecture on "Oil Markets in Asia" outlined the latest situation in the oil market in Asia, where economic growth particularly in China and India is causing a rapid



*At JX Nippon Oil and Energy Staging Terminal Corporation,  
Kiire Terminal*



*At JX Nippon Oil & Energy Corporation,  
Fukuoka Oil Terminal*

increase in demand for oil. Explanations were also given of crude oil prices, demand-supply trends, the status of the Asian oil market in relation to North America and Europe, and the future direction of energy strategies in Asia based on an analysis of factors influencing crude oil prices.

The first site visit was made to JX Nippon Oil and Energy Staging Terminal Corporation's Kiire Terminal, where the participants learned about the roles, functions, operations and management, and environmental safety management at the terminal. The terminal's record of zero accidents and thorough environmental safety measures made a particularly strong impression on the participants, who also expressed amazement at observing from a boat the actual size of a VLCC and domestic transfer tanker docked at the crude oil pier.

At JX Nippon Oil & Energy Corporation's Fukuoka Oil Terminal, the participants received an overview of the oil terminal and its receiving, storage and delivery system for oil products. They then inspected the delivery system and tanker loading area, and observed with special interest the differences between gas purging facilities in Japan and Vietnam, asking many questions in that regard. As a large domestic vessel coincidentally entered the port and began discharging operations at the pier while the participants were touring the terminal, they were able to observe the docking of the ship and the process from its mooring to the connection of a loading arm.

At Fujitani Oil Inc., a JX-related oil marketing company in Hiroshima, the company manager personally gave an explanation about service station operations, the retail market and marketing industry in Japan, and captured the participants' avid attention with his lecture and detailed tour of his company's service station. In fact, the participants had so many questions about the

service station facilities, in particular, that he had barely enough time to answer them all.

Idemitsu Kosan's Aichi Refinery provided training on refinery functions, from the importing of crude oil to the production, storage and delivery of oil products, and a tour of the facilities. As Vietnam's second refinery is currently under construction, the participants observed the functions of the Aichi Refinery with detailed interest, and asked many questions.

Tatsuno Corporation's Yokohama Plant provided training plus an overview on the structure and production process of various service station weighing machines and POS system instruments as a leading manufacturer in its field. As the participants were a group of manager-level employees, they had many detailed questions about investment matters that pertain directly to their duties. They also seemed to enjoy a sense of familiarity offered by the explanation of weighing machines in the plant that displayed labels written in Vietnamese and were destined for Vietnam.

At Cosmo Oil Co., Ltd.'s Head Office, the participants learned about oil companies in Japan, with particular focus on the physical distribution of oil products and the safety management of their transportation, and listened with great interest about the company's initiatives for launching new environment-related projects that involve wind power and solar power generation.

#### 4. Summary

The group of participants was composed of top-level officers from Petrolimex's marketing organizations throughout Vietnam, but as the course's content pertained directly to their operations in their respective organization, they seemed to fully appreciate the opportunities to observe a massive VLCC up close and to tour a large-scale refinery, oil terminal, state-of-the-



*At Idemitsu Kosan Co., Ltd., Aichi Refinery*

art service station and a production site of weighing machines that are being considered for introduction to Vietnam, and presumably returned to their country with an impression of having attended a highly beneficial course.

The tight schedule had the participants traveling from Tokyo to Kagoshima, Fukuoka, Hiroshima, Nagoya, Yokohama, and back to Tokyo practically on a daily basis, but they kept to the schedule and facilitated the smooth and efficient implementation of the course. JCCP assumes this was in large part owing to Petrolimex's thorough preparation and follow-up system, which included the implementation of pre-training preparation and education in Vietnam and the selection

of a participant who can translate in both English and Vietnam to accompany the group. JCCP thus thanks Petrolimex for its active input and support.

On the JCCP side, efforts to allow the participants to actually "see and feel" their experience by placing more emphasis on offsite training than classroom lectures probably coincided with their needs and led to their high evaluation of the course.

JCCP hopes that this course has ultimately deepened knowledge of Japan's oil industry and of Japan in general among the manager-level participants from oil marketing organizations in Vietnam, and contributed to strengthening ties between Vietnam and Japan.

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