

CPJ Seminar on Petroleum Marketing and Distribution for Petrolimex

A Customized Program-Japan on petroleum marketing and distribution was held in Japan for a group of executive-level employees from the Petrolimex Group of companies from December 3 to 14, 2012, in response to a request from Petrolimex.

1. Background

Vietnam has only one refinery at present. It has plans to construct its second and third refineries, but experience and knowledge are lacking in regard to the supply chain from refineries to oil storage facilities and service stations.

Based on the knowledge that Petrolimex specializes in petroleum marketing and distribution, the seminar was designed to provide an understanding of the supply chain in the oil downstream sector in Japan, specifically to executive-level employees from companies affiliated with Petrolimex.

2. Overview

For maximum relevance to Petrolimex's main business, "petroleum marketing and distribution" was selected as the main theme of the seminar, as it was in a CPJ seminar implemented in December 2011.

Also as with last year's CPJ seminar, the program was scheduled to run for a relatively short 12 days, with three days allotted to lectures at JCCP and six days to offsite training.

The study group was composed of 18 members from Petrolimex's Head Office and Group companies throughout Vietnam. The majority of the members—14 members including two women—were management executives averaging 46 years of age.

3. Content

3.1 Training at JCCP

(1) *The Oil Industry and Petroleum Marketing and Distribution in Japan*

This lecture discussed Japan's oil industry as a whole,

in terms of the necessity of oil stockpiling to maintain stable oil supply, the development of alternative fuels to take the place of oil, post-deregulation changes in the oil industry, excessive competition in the marketing sector and the weakening of the oil industry, and the reality of the oil taxation system.

(2) *Reality and Future Trends in Asia's Oil Market*

An economist lectured on the latest oil market situation in Asia, where demand is surging due to the growth of the Chinese and Indian economies, and presented information that is directly related to business, such as the crude oil market mechanism and trends in crude oil prices, based on abundant data.

(3) *World's Energy Situation*

This lecture discussed the world's energy situation based on abundant data on energy demand-supply trends, with reference to global environmental issues and monetary and fiscal issues.

In particular, the discussion about global energy issues and nuclear power, which are issues of strong concern in Vietnam, provided the management executives a good opportunity to cultivate a global perspective.

3.2 Offsite Training

(1) *JX Nippon Oil & Energy Staging Terminal Corporation, Kiire Terminal*



In front of a crude oil stockpiling tank (JX Nippon Oil & Energy Staging Terminal Corporation, Kiire Terminal)

In a conference room, the participants first received a lecture on the terminal's role, functions, operational management, and environmental and safety countermeasures. They then toured the control house, the lifeline of the terminal, and observed the centralized management system that uses the latest computers and projectors for crude oil receiving and delivery.

In the explanation of the TVR system (system for treatment of waste gas from tankers) that the company commercialized for the first time in the world, the participants learned of its important contribution to the environment and to the effective utilization of energy.

*(2) JX Nippon Oil & Energy Corporation,
Fukuoka Oil Depot*

A classroom lecture first gave an overview of the oil depot, including its functions, characteristics, and individual facilities. Then in a tour of the site, the participants observed a tank truck driver unloading a shipment from a shore-based unloading facility and the computerized ordering system in the control room. Furthermore, at a shipping and receiving facility on the pier, they observed close-up the implementation of safety work, from the docking of domestic vessels to the discharging of oil cargo.



*Inspection of an ordering system in the control room
(JX Nippon Oil & Energy Corporation, Fukuoka Oil Depot)*

*(3) JX Nippon Oil & Energy Corporation,
Marifu Refinery*

In the morning, the participants received a presentation that introduced the company and refinery, then toured the refinery. Slides and a DVD were used to present an overview of the refinery, including its role, characteristics and status. The refinery tour provided views of sea-based and land-based shipping facilities

from inside a bus.

In the afternoon, the participants received a lecture and inspected the refinery's physical distribution system for oil products. Furthermore, in the central control room, they observed a fully rationalized transportation system that is based on computerized delivery management and the actual state of safety and quality management in the refinery.

(4) Centrair Fueling Facilities Co., Ltd.

At Centrair Fueling Facilities, a company contracted by Central Japan International Airport to operate and manage fuel receiving, storing and supply facilities in the airport, the participants learned about the jet fuel supply system for aircraft.

In the morning, they received a lecture on an overview of the airport and fueling facility and work contents of the company's receiving, quality control and facility management operations, and toured those facilities. In the afternoon, they gained a precious opportunity to observe close-up the fueling of an aircraft using a hydrant system on the apron of the airfield.



*Inspection of a fueling activity on the airfield apron
(Centrair Fueling Facilities Co., Ltd.)*

(5) Cosmo Oil Co., Ltd., Head Office

At Cosmo Oil, the participants first received a lecture on the company's physical distribution system. Detailed descriptions were given of the ordering center's computerized central management system and the distribution of oil from the tank truck shipping terminal to service stations, while showing photos of each relevant site.

The participants learned the significant role of the shipping terminal's high-tech trucking system and the wireless control system between tank truck drivers and service stations in increasing efficiency and rationalizing

the operations of the physical distribution department.

The lecture on the safety management system of a transportation company discussed the Japanese-style PDCA cycle and taught the importance of the corporate manager taking direct interest and getting involved in ensuring safety management through a top-down approach.

(6) Showa Shell Sekiyu K.K., Head Office

At Showa Shell Sekiyu, a lecture first gave an overview of the company and the oil industry in Japan, which provided an understanding of the fierce competition in the oil industry and the company's management policies and marketing strategies.

A lecture was also given on the status of activities of the company's marketing department, with detailed discussions of marketing policies and strategies, including the relationship between distributors and dealers/retailers, service station support strategies, differentiation strategies, and measures for increasing customer satisfaction.

In addition, a lecture on the company's physical distribution system covered the actual state of advanced physical distribution systems, business tie-ups with other companies (barter transactions with refineries and oil tank facilities), and the status of marine and land transportation.

4. Summary

Winter came to Japan earlier than usual, bringing cold temperatures to all training destinations despite it still being early December. JCCP members worried that the participants were not used to cold weather, but fortunately everyone completed their training in good health.

However, there was a language barrier and the help of an employee translator was needed, but good cooperation between the participants and the translator allowed for relatively smooth training.

The seminar received extremely high marks in evaluation forms from the participants. Since training programs on oil marketing and physical distribution can provide first-hand experience and understanding of the flow of oil products in Japan from the refinery to service stations, JCCP hopes to continue offering such programs as CPJ seminars in the future.

JCCP is happy that management executives from companies of the Petrolimex Group gained a favorable impression of JCCP and Japan through their participation in this seminar. As the JCCP counterpart personnel in Petrolimex have also requested the continued implementation of the seminar in the future, JCCP will take this into consideration with hopes of contributing in any way to strengthening the friendly relationship between Vietnam and Japan.