

Russia's Sibur exports LPG to Africa, Middle East and Asia as EU cuts buying

Sibur, the largest producer and exporter of liquefied petroleum gas (LPG) in Russia, redirected exports to Africa, the Middle East and Asia in the past three months, industry sources said.



LPG facility owned by Irkutsk Oil Company in Russia. Source: Reuters/Vasily Fedosenko

The European Union imposed an embargo on the import of petroleum products of Russian origin from 5 February, but LPG was not banned. Many EU buyers, however, cut LPG purchases from Russia to negate any possible risk.

"Most buyers in Europe abandoned Sibur's LPG, so the company was forced to look for new distribution channels," one trader said.

Sibur declined to comment.

The company's deliveries of LPG from Russia's Baltic port of Ust-Luga to EU countries and the UK in the first quarter of 2023 slid to 14-15% of the total, or 33,000 tonnes, against 82%, or 194,000 tonnes, a year earlier, according to Reuters' calculations based on ship-tracking data.

Its shipments to Africa, the Middle East and Asia-Pacific, meanwhile, accounted for about 85-86%, or 192,000 tonnes, of total shipments amounting to 225,000 tonnes.

In the first quarter of last year, countries outside the EU and UK accounted for only 18%, or 43,000 tonnes, of LPG shipped from Ust-Luga.



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Larger vessels used to ship LPG

Redirecting quite a few of Sibur's LPG cargoes from the Amsterdam-Rotterdam-Antwerp (ARA) trading hub outside Europe has significantly increased the round trip for gas carriers, ship-tracking data shows. To avoid higher freight costs, Sibur and trader Trafigura have engaged larger vessels to ship LPG outside the EU, three LPG traders told Reuters.

The company has moved its ship-to-ship (STS) loadings from ports in the ARA region to the Estonian port of Paldiski since August, ship-tracking data shows.

Sibur LPG cargoes arriving from Ust-Luga are being sold to Trafigura, which reloads them at Paldiski to MGC (medium gas carriers, about 22,000 tonnes) or LGC (large gas carriers, 44,000 tonnes) vessels, the LPG traders said.

Asked to comment, Trafigura said it "continues to engage with customers and governments to understand their requirements and provide the commodities and energy they need in severely disrupted commodities markets".

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