

Asphalt producer slams Engen bitumen exports

By: [Irma Venter](#)
8th February 2012

Why is Engen exporting bitumen, when there is a severe shortage of the product in South Africa, asks Much Asphalt CEO **Phillip Hechter**.

“The current bitumen situation is critical. We are lucky to get 30% of our requirements,” he tells *Engineering News Online*. “Engen, this weekend, exported 4 000 t of bitumen, while they dribble down one or two loads to the local industry.”

The acute shortage of bitumen in South Africa – owing largely to maintenance complications at local refineries – came to light last year. Made from crude oil, bitumen is used to produce asphalt, which is used in road construction – which means the continuation of many local road construction projects is heavily dependent on the supply of bitumen.

“We expected things to have improved when we returned in January,” says Hechter, “but then we find out that the Sapref refinery is on an emergency shutdown and that there are problems at Durban’s single-buoy mooring, where 80% of all South Africa’s crude oil imports are offloaded.”

The Sapref refinery is the biggest supplier of bitumen in South Africa.

Engen’s refinery is located in Durban.

“We are so frustrated, we don’t know what to do,” says Hechter. “Some of the smaller guys will close their doors if this continues. The industry is on its knees. Engen knows there is a crisis, but yet they export bitumen.

“They say they are exporting a lower specification product, but we have asked them to provide this to us for tests to see if we cannot use it.”

Hechter adds that Much Asphalt is looking at importing bitumen again, as it did in November through binder supplier Colas.

“But how ridiculous will that be? We import bitumen and Engen exports bitumen?”

Hechter adds that the bitumen industry may be forced to ask government to intervene and block all bitumen exports in situations where internal demand far outstrips supply.

ENGEN RESPONDS

As an international company with subsidiary companies in 18 African countries, Engen “remains committed to meeting all its customer contractual commitments at all times”, says Engen Petroleum group communications manager **Tania Landsberg**.

However, Engen’s bitumen is primarily sourced from the company’s refinery in Durban, which means it has to satisfy demand in all these 18 countries.

“Bitumen that is in excess of our contracted customer requirements is sold on the open market. It is only this excess production that becomes available to local competitors, at market rates, to meet any temporary shortfall,” says Landsberg.

“While we will strive to meet our local obligations, supply, as with the rest of the industry, remains a challenge and we are continuously reviewing planned levels of bitumen exports and production to ensure that supplies to our growing local customer base is supported.”

Landsberg says she cannot confirm the quantities of bitumen Engen exports.

She says Engen has indeed been approached by stakeholders in the local industry to supply it with any bitumen grade currently in its inventory.

“In view of the current shortage of bitumen from South African refineries, and the challenging outlook for medium-term supply, Engen would like to reaffirm its commitment to the South African market,” adds Landsberg.

Edited by: [Creamer Media Reporter](#)