

# Poland

## Local report

# POPIHN

Polska Organizacja Przemysłu i Handlu Naftowego



### Lubricating oils market overall

In 2014 the Polish market of lubricating oils reached approximately 236,600 tonnes, which is a slight increase of almost 3% in comparison with the previous year. It also means that after two years of shrinking demand the unfavourable trend was broken. However, it is hard to talk about a substantial improvement if the market, seen as a whole, still remains more or less between the 2007 peak and the bottom experienced in 2009. After a period of strong fluctuations, after 2010 the market has remarkably stabilised around the level of 230,000 tonnes.

Compared with the so-far record 2007, the market remains 6% below that level, which is still one of the best results in Europe (none of whose countries succeeded in making up for the losses incurred due to the crisis). The fact that the Polish market stands out positively against the extremely adverse situation in the entire Europe has been noticed and highlighted during the presentation of the sector data which took place on the annual UEIL Congress in October 2014 in Madrid. That supports the statement that Poland is still catching up with the markets of more advanced European states, yet, during crises this distance is being shortened with no less intensity.

### Total market for lubricating oils in 2014

The past seven years saw only minor shifts in the market structure which looks fully established and structurally stable. The only apparent trend is the growth of the 'other not classified elsewhere' category. Most probably it is related to the increasing specialisation within the segment, as this group included all non-typical products which were difficult to classify under any other category. The market is also balanced in terms of the basic division between industrial and automotive segment. From this perspective, there is a stable and fairly equal division with a narrow advantage of the automotive segment.

### Engine oils for the automotive industry

Within the automotive segment, a special place is occupied by engine oils for vehicles, which account for approximately 80% of this segment.

The segment of engine oils has been in an apparent downtrend since 2007, which is when the monitoring activities were initiated.

Only in 2011 an isolated rebound was observed, which was rather the exception proving the rule and a result of a generally favourable economic situation: the 2011 GDP growth stood at 4.8%, which was the strongest result of the country's economy since 2007. However, it should be stressed that, to a large extent, the observed shrinking of the market derives from a plunge in the use of single season (monograde) oils. It is their replacement with more modern oils (mainly synthetic or semi-synthetic) which significantly translates into the reduction of global use of oils in this segment.

Following these processes, the engine oil segment contracted between 2007 and 2014 from 107,000 to 90,000 tonnes, i.e. by almost 1/5 (18%).

At the same time the sales of monograde oils dropped almost 2.5 times (from over 19,000 in 2007 to 7,000 in 2014), the sales of oils for passenger vehicles remained stable (slightly over 50,000 tonnes), and the decrease in the sales of engine oils for heavy-duty vehicles was 17% (from 32,249 tonnes to 37,776 tonnes in 2014). On average, in the last seven years, the market for engine oils was shrinking by over 2% annually.

### Passenger cars motor oils (PCMO)

The Polish drivers are consequently retiring from the use of mineral oils. Even though a year before every fourth passenger vehicle engine in Poland was still being lubricated with high viscosity oil of 15W or 20W, in 2014 this share dropped to as little as 21%, whereas the proportion of synthetic oils grew again and it is only one percentage point away from reaching a 50% market share. On the other hand, the 30-per cent share of medium viscosity oils remained unchanged last year.

Therefore, since 2007, the market share of synthetic oils of lowest viscosity increased almost by half, recording an average annual growth of over 3 percentage points.

Generally, the sales within the whole segment of engine oils for passenger vehicles show an exceptionally stable performance. In 2014, they amounted to 51,154 tonnes compared with 49,147 tonnes sold in 2013 and 50,275 tonnes sold in 2007.

### Heavy-duty engine oils (HDEO)

In 2014, already a third of heavy-duty engines were being filled with other than mineral oil. Only in 2007 this was only a quarter. The retreat of from mineral oils to semi-synthetic products in the HDEO segment is not, admittedly, as dynamic as in the case of passenger vehicles, but it is also quite a significant market trend. In 2014 the share of mineral oils – most popular in this segment – declined by further 3 percentage points, from 67% to 64%.

Sales volumes in the whole goods vehicle segment equalled 32,249 tonnes, compared with 36,558 tonnes in the previous year and 37,776 tonnes in 2007.

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