

Petrol PLAZA

Tukey's LPG market continues to grow strong

The biggest autogas market in the world grew by 2% in 2019 with almost 40% of the national car park converted to autogas.



Opet and Aygaz station in March of 2020 | © iStock

The total volume of LPG in Turkey was 4.1 million tonnes in 2018. Some 3.3 million tonnes were related to autogas, making it the biggest autogas market with South Korea second. Some 4.7 million cars are adapted to use LPG in the country. That's 38% of the total car park in Turkey. This also has a big impact society - half a million people are involved in some kind of way in the LPG business.

The Turkish autogas market is now easier to enter after the Government decided to scrap a key entre barrier - companies had to own a bottle filling plant to be able to participate in the market. In 2019 that entre barrier was eliminated.

Economics explain the huge presence of LPG in Turkey's market, according to Cem Önce, Secretary General of the Turkish LPG Association. The end customer price for LPG is far lower compared to traditional liquid fuels. Historically, it has been lower-income families that converted their cars to LPG.

After an economic boom for autogas in the year 2000 the market has stabilized and enjoyed continuous growth until becoming the first segment in the LPG sector.

Conversion prices range from 1,000 to 1,500 dollars depending of the system used. “I expect that each year there will continue to be some growth. In 2019, the market grew by 2.17%. The ratio will probably slow down but there is room for growth,” explains Önce.

The LPG sector in Turkey was worth around \$3.4 billion in 2018. Autogas overtook bottled LPG over a decade ago as the share of natural gas at homes has increase. It now represents over 60% of the LPG industry.

Despite these strong numbers, Önce still sees room for improvement. One hurdle they may overcome this year is the prohibition of underground parking for autogas vehicles. A measure that is not used in Europe. The Turkish LPG Association is lobbying to get rid of this limitation and open up more market.

Will Turkish companies use their capabilities and knowhow to expand overseas? “Our association includes major players such as Aygaz, SHV Group and Petrol Ofisi which already have links to other countries. The main target for expansion is Asia.”

The global autogas market is expected to grow by 2.91 million tonnes during 2020-2024, progressing at a rate of 2% each year, according to the study ‘Global Autogas Market 2020-2024’.