



## New retailer enters Vietnam's growing gas station market

**The joint venture formed by Kuwait Petroleum International (KPI) and Japan's leading refiner Idemitsu Kosan Co. to distribute fuel in Vietnam opens its first service station today.**

Idemitsu Q8 Petroleum, a 50-50 joint venture between Idemitsu and KPI, will inaugurate its first service station this Thursday in Hanoi. According to the companies this will be the first gas station wholly owned by a foreign company in the country.

The station, located inside Hanoi's Thang Long Industrial Park, where many Japanese companies are also based, will include the first full POS/card system on the Vietnamese gas station sector, the company believes.

The increased demand for petroleum products in Vietnam due to the progress of motorization is what makes it a promising market, Idemitsu told PetrolPlaza. The JV supply most of its fuel from the Nghi Son refinery and petrochemical complex in the central province of Thanh Hoa.

When asked about the challenges of entering Vietnam, the Japanese company stated that, on the one hand, fuel retailing prices are controlled by the government but on the other, the operating costs of a site are lower compared to Japan.

After the first opening in Hanoi, Idemitsu Q8 is focused on expanding its fuel retailing business in the North of Vietnam. "After reflecting back on the accomplishments of the business, we will consider advancing to the South part of Vietnam and overseas. But the plan still hasn't been decided," commented Idemitsu.

The retailer has identified three elements to differentiate itself from other retailers in Vietnam: devised layouts that facilitate the passing of heavy trucks; prepaid card payments for consumers; and hospitality, as Q8 will adopt a "Japanese-style" service.

Idemitsu Q8 Petroleum was formed in April 2016 to engage in the businesses of wholesale, and retail of petroleum products.

Vietnam's fuel retailing market is currently dominated by two local players, Vietnam National

Petroleum Group (Petrolimex) and PV Oil. Petrolimex owns around 2,400 gas stations representing a 55% market share, while PV Oil is looking to increase its current 22% share to 30-35 percent over the next three years – the company will offer 20% of its shares in an IPO at the end of the 2017.