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50 PPM Sulfur Diesel Continues to Dominate in 15 Countries with Two or More Diesel Market Grades

Stratas Advisors

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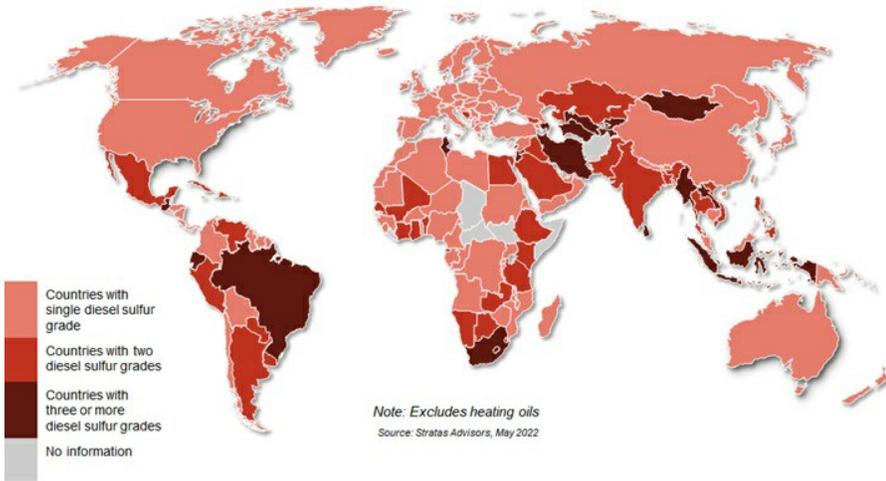
Sulfur continues to be the key parameter of focus for diesel fuel, with sulfur limits ranging from 10 ppm to 10,000 ppm for on-road diesel grades, and from 10 ppm to 30,000 ppm for off-road diesel grades. Stratas Advisors observes that across the globe, sulfur is harmonized in diesel fuel used for on-road and off-road applications in the regions of Europe, North America and most parts of the Middle East. In this year's report, Stratas Advisors assessed a total of 53 countries to have two or more diesel grades on their markets (including off-road grades), which is one more than last year's report as more countries harmonize their diesel markets into a single grade (see Insights, [June 29, 2021](#)). In addition, at least 20 countries have three or more diesel grades on their markets (including off-road grades).

Among the emerging regions, Africa has the highest number of countries (16) with two or more diesel grades on their markets, followed by Latin America (12), Asia Pacific (11), Middle East and CIS (7 each) (see map below). Lower sulfur diesel grades can often be found in countries with mandates to supply the grade in metropolitan cities to address air pollution issues (e.g. Iran, Mexico, Peru), or voluntarily supplied by oil companies in major cities or at select stations for use by more advanced diesel passenger cars and vehicles (e.g. Malaysia, South Africa).

As for off-road diesel, Stratas Advisors observes that in eight countries in the regions of Africa, Asia Pacific and Latin America, the off-road grades typically contain much higher sulfur (between 1,800 ppm and 20,000 ppm) but account for a very small market share (<5%) depending on country. These countries include Bangladesh, Benin, Brazil, India, Indonesia, Kenya, Pakistan and Tanzania. On the other hand, in Ecuador where there are two off-road diesel grades with sulfur limits of 7,000 ppm and 3,000 ppm, they account for a higher share of the country's diesel pool.

Countries with Single or Multiple Diesel Sulfur Market Grades

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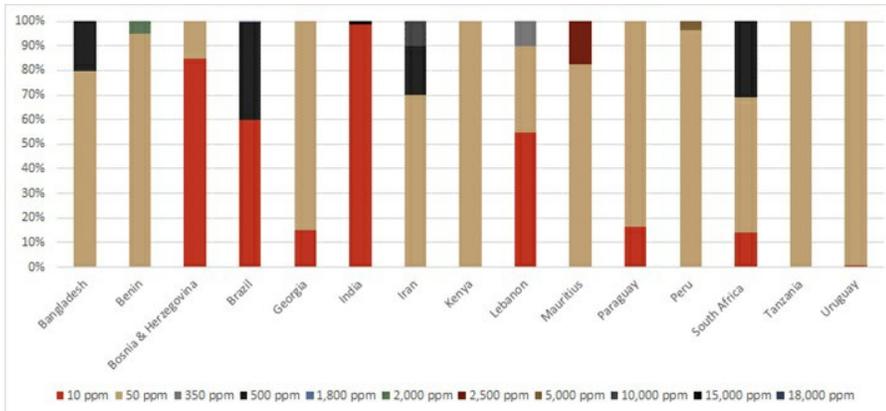
Source: Stratas Advisors, May 2022

Share of Low Sulfur Diesel

Focusing on the countries with two or more diesel grades on their market, Stratas Advisors observes that 50 ppm dominates the diesel pool in 15 countries of Bangladesh, Benin, Georgia, Iran, Kazakhstan, Kenya, Mauritius, Paraguay, Peru, Philippines, South Africa, Tajikistan, Tanzania, Thailand and Uruguay, while 10 ppm dominates the diesel pool in only four countries of Bosnia & Herzegovina, Brazil, India and Lebanon (see figure below).

For example in Peru, the diesel split is currently at 96.6% for 50 ppm vs. 3.4% for 5,000 ppm, due to replacement of 5,000 ppm sulfur diesel with 50 ppm in stages by region over the years. In fact, 50 ppm was required nationwide from July 1, 2021 with the exception of the regions of Loreto and Ucayali, which will continue to solely utilize the diesel grade containing max 5,000 ppm sulfur.

Countries with 10 ppm or 50 ppm Sulfur Diesel as Majority Grades



Note: Market share data not available for Philippines, Thailand, Kazakhstan and Tajikistan.

Source: Stratas Advisors, May 2022

In the full report, Stratas Advisors is pleased to present current diesel market share by sulfur in select countries including a spreadsheet containing historical data dating as far back as 2010. The report does not cover analysis for sulfur limits in heating oils.

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