LubriTec LUBRICATION TECHNOLOGIES

INTERNATIONAL EDITION

OEM/Lube News

Lube Related OEM News, Lube Industry Personnel Appointments, New Lube Blending and Base Oil Plants, Mergers & Acqusitions, and Other Corporate News

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AXEL Christiernsson Acquires Royal Mfg Co

AXEL Christiernsson has acquired the operating assets and the majority of other assets of Royal Mfg Co, LP. The business will now be carried forward as AXEL Royal LLC, a subsidiary of North Kansas City, Missouri-based AXEL Americas LLC, building on the heritage of Royal Mfg Co, LP as a well-established supplier of lubricating greases and lubes in the US market and abroad. Financial terms of the agreement were not disclosed. The AXEL Christiernsson Group (AXEL) has expanded and become one of the leading producers and suppliers of lubricating greases in Europe, with state-of-the-art manufacturing facilities in Sweden, the Netherlands and France, and AXEL Americas, LLC is also a significant player in the US. Through organic growth and acquisitions, the company is now a leading supplier of private label lubricating greases in the global business-to-business" market. AXEL works successfully with many of the leading lubricant companies around the world and has become the largest independent manufacturer of lubricating greases in the European market, with a noticeable position in the USA since 2011. By adding Royal, the company creates a step change for AXEL Americas, increasing its capacity and extending its reach in the US market. Royal Mfg Co, LP, has facilities in Tulsa, Oklahoma and Schertz, Texas. Since 1914, Royal and its predecessors have provided high-performance oils and greases to their clients. Bill Mallory, of Royal, has also successfully expanded by bringing Troco and Wright into the same structure. The Brownsville base oil terminal is not included in this transaction. "I am pleased to see Royal becoming a part of the AXEL Group and believe our companies will work very well together, building on the knowledge and skills that prevail on both sides. Royal and AXEL are both dedicated to high-quality products and customer service. The combination will be excellent!", said Bill Mallory, President Royal Mfg. Co LP According to AXEL Americas President, Tom Schroeder, "Our combined customer offering will increase significantly with the capabilities of three production sites and the talents of the larger work force coming together. We will operate the business as AXEL Royal LLC to effectively bridge the transition in a transparent and structured manner. Bill Mallory will be assisting us for a period as consultant, while Jim Gott, Dr Anoop Kumar and all others in the existing team will carry forward as employees of the new company. I, with the help of our dedicated employees, look forward to leading this new organisation and making it a leading lubricating grease company in the US; much like AXEL is in Europe." "We are excited to take this important step to grow our platform in USA. We look forward to this great opportunity and our commitment is to offer all our customers, existing and new, remarkable products and excellent services through our talented people", said Johan Stureson, CEO AXEL Christiernsson.

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Major Oil Companies Hike Lube Prices

In a letter dated March 28, 2018, Chevron announced a general price increase of all lubricating oils and greases up to 10% effective on May 7th, 2018. Chevron said that in certain instances, specific products may increase in amounts that are outside of this range. Chevron stated this increase is due to increasing costs of raw materials impacting the manufacturing of its products. The previous week, in a letter dated March 22, 2018, ExxonMobil announced that its branded and unbranded PVL, CVL, IND, Marine & Aviation lubricants and greases will increase in price by up to 10 percent effective April 23, 2018. Chevron's and ExxonMobil's previous most recent price increases were both announced on January 22, a general price increase of all lubricating oils and greases up to 5% effective on March 1, 2018 by Chevron and an increase on its branded and unbranded Passenger Vehicle Lubricants, Commercial Vehicle Lubricants, Industrial and Marine lubricants and greases by up to 6% effective February 26, 2018 by ExxonMobil. In the past several weeks, many independent oil blenders, including Royal Manufacturing, Martin Lubricants, Warren Distribution, Maverick Performance Products Sunbelt Lubricants, Reliance Fluid Technologies, Allegheny Petroleum, Chemlube, Advanced Lubrication Specialties, Sunoco, Cam2 International, Smitty's Supply, Pinnacle Oil, Sinclair Lubricants and Omni Specialty Packaging announced finished lubricant price increases.

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Gretchen Watkins Named Shell Oil President

Shell Oil last Tuesday announced a series of changes to the makeup of its U.S. leadership team. Following a 36-year career with the company, EVP Unconventionals, Greg Guidry, will leave his role on June 31, 2018. Guidry will be succeeded by Gretchen Watkins, former CEO of Maersk Oil, who will officially join Shell on May 1, 2018, and will be appointed EVP Unconventionals effective July 1, 2018. She will report to the Upstream Director and be based in Houston. After more than 37 years of Shell service, Shell Oil Company President and U.S. Country Chair, Bruce Culpepper, has confirmed his plan to step down from this role effective December 31, 2018. Concurrent with Culpepper stepping down, Gretchen Watkins will assume the role of Shell Oil Company President and U.S. Country Chair, accountable to the CEO. While serving in her expanded role, Watkins will retain her title as EVP Unconventionals. Watkins became COO of Maersk Oil in January 2014 and was CEO of Denmark-based Maersk Oil starting in October 2016, according to World Oil. Watkins announced in September she would pursue other career opportunities after the completion of Total's acquisition of Maersk Oil.

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Emergence of EVs to Have Marginal Impact on PCMO Demand

The global passenger car motor oil (PCMO) market is on the cusp of significant change triggered by forces shaping the future of mobility. Kline's soon-to-be-published analysis The PCMO Market in 2040: A Long-term Outlook evaluates how and when PCMO demand will change as a reaction to emerging disruptive technologies redefining mobility, including the advent of ride sharing, autonomous vehicles, and the emergence of electric vehicles (EVs) according to research and consulting firm Kline & Company.. The emergence of fleet operators and ride-sharing companies like Uber and Lyft has already initiated a mobility revolution, impacting PCMO demand due to more frequent oil drain intervals in the near term. In the medium term, the impact is more difficult to model; however, opportunities for partnerships to market PCMO and other lubricant products or use it as a new channel to market are among the positive factors. "In the ride-sharing model, major PCMO brands need to look to the future, as questions such as who will be making the decision on the 'brand' of PCMO at the time of an oil change will be raised." comments George Morvey, Industry Manager at Kline. "The Uber/Lyft driver or installed service provider? Each has its own interest in terms of product type to use. Do the current marketing messages of PCMO suppliers resonate with this group of buyers, decision makers, and influencers, or do they need to be modified for this new and growing segment of the market?" Ride sharing also comes down to EVs as commercial fleet owners are expected to adopt them faster than the general population, and electric vehicles will have the greatest impact on PCMO demand, says Kline. In the medium-term, EVs have a marginal impact on PCMO demand mainly due to moderate population of battery-powered vehicles (BEVs). Hybrids (PHEVs and other hybrids) need engine oil and do not significantly impact PCMO demand. With many government programs in place, sales of EVs (BEVs+PHEVs/HEVs) have been growing over the last five years. Global original equipment manufacturers (OEMs) are also investing in electric vehicle technology, either proactively or as a reaction to regulatory and competitive pressures. Moreover, once the technological challenges of EVs, notably battery costs and insufficient recharging stations, are surpassed, penetration will rise fast and have a negative impact on PCMO demand. Looking further into the future, autonomous vehicles could become another large disruptor of the broader transportation industry by transitioning to on-demand transportation models. Kline estimates that between 2017 and 2040, U.S. PCMO demand will decline at a compound average annual rate (CAGR) of 1.0% assuming the long-term growth in the car parc, continuing drain interval extension, and penetration of electric vehicles are held constant at 2017 levels. However, when the increase in electric vehicle penetration in the car parc is factored in, PCMO demand declines at a CAGR of 1.5% over the same period. In other words, the additional 0.5% CAGR decline for PCMO demand is purely due to the increase in electric vehicle penetration in the U.S. car parc. The degree of EV penetration will vary at a regional and country level, reflecting socio-economic factors, existing infrastructure, and government interventions. In quickly growing economies in Asia-Pacific, PCMO demand will most likely continue to grow driven by robust vehicle sales, even under a high EV penetration scenario. Conversely, PCMO demand in the United States and Europe will be more susceptible to downward pressure, even under a low EV penetration scenario. It can be expected that the effect of EVs will be marginal on PCMO demand in emerging economies in the Middle East, Africa, and Latin America. These countries will post healthy growth driven by robust new vehicle sales based on passenger vehicles equipped with internal combustion engines. The PCMO Market in 2040: A Long-term Outlook is looking at the electrification of vehicles, ride-sharing services, and autonomous vehicles and the impact of these factors on PCMO demand globally and in detailed profiles of 15 leading country markets. Each country market profile includes the description of passenger vehicle population by vehicle size, fuel consumed, vehicle age, leading OEMs, and trends in passenger vehicle production, sales, and population growth, as well as PCMO demand overall and by SAE viscosity grades, formulation types, and channels.

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Ford Motor Updates List of Acceptable DEOs

In late October of 2016, OEM/Lube News was advised by Ford Motor Corporation that the company does not recommend the use of API CK-4 nor FA-4 oils in any of its diesel engines. Ford stated it recommends oils that meet Ford Material Engineering Specification WSS-M2C171-F1, in lieu of CK-4. Testing Ford has done on some CK-4 formulations have shown inadequate wear protection compared to CJ-4 formulations developed and licensed before 2016.

Also, Ford Motor stated that, due to its low viscosity, API FA-4 oils should not be used in any Ford diesel vehicles at this time, new or old. A Ford Motor Company spokesperson told OEM/Lube News "Motorcraft/Ford Motor Company does not have an engine that uses now or in the near future will use FA-4. Therefore Motorcraft has no oil or plans for an oil that meets FA-4."

Like many other diesel engine manufacturers, with their own internal OEM specification, Ford recommends oils that meet an OEM specification, Ford Material Engineering Specification WSS-M2C171-F1, like Motorcraft Super Duty Motor Oil, and that the customer/Ford owner customer should use an oil showing that it meets this specification.

Ford further stated that an oil showing CJ-4 in the API donut without showing CK-4 would be acceptable for service even if not showing WSS-M2C171-F1. This oil would most likely be an older CJ-4 formulation, developed and licensed prior to 2016. Field experience and Ford testing has shown that these older CJ-4 formulations provide acceptable 6.7L engine protection.

Ford stated that certain CK-4 oils may meet WSS-M2C171-F1 specification, but each oil would need to be approved separately for use in Ford diesel engines.

In December 2016, Ford issued a list of over 200 motor oils it had determined acceptable for use in its diesel engines. The list included SAE 5W-40, 10W-30, 10W-40 and 15W-40 viscosity oils, all meeting Ford WSS-M2C171-F1 specification. SAE 10W-30 and 15W-40 are the most predominant with only one each SAE 0W-40 and 5W-30 approved.

Ford has now updated the list which includes approximately 375 acceptable oils. To see the latest list of Ford approved diesel engine oils, **click here**

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