

Record price levels and quality the main issues

The global bunkering market witnessed a busy and unprecedented period last year as prices reached record highs and further regulation was imposed.

However, as will be identified in this report, the burden to the industry of the record high prices, which at times tipped over \$500 per tonne in Rotterdam and Singapore, and new regulation has brought with it fresh issues and challenges.

As bunker purchasers seek to find the cheapest fuel supply, some owners seemed too happy to settle with fuel whose quality was not what it could be.

Lintec, a leading UK-based testing agency, highlighted that owners who were offered fuel at \$10 per tonne cheaper were only too quick to snap it up. But owners have later found the fuel quality to be poorer than expected, with combustion and ignition problems arising, as well as health and safety concerns with high levels of acids and hydrogen sulphides. Poor quality is often the result of poor cutter stocks as the refining industry continues to use the bunker market as its dumping ground.

Chemoil Energy believes that its model of controlling the supply chain from refinery to delivery will bring about a new age for independents. A model it believes will guarantee fuel quality for its customers. Chemoil added that this, however, would not have been achieved if it was not for the high levels of investment it has made in the sector — a similar move which it is now encouraging other independents to follow. The Singapore-listed company also claims that the oil majors have ignored investment in the bunker industry in the past decade.

With the second Sulphur Emission Control Area in operation in the North Sea and English Channel, this has highlighted another new challenge to the industry.

As ships bunker small quantities of low sulphur while the new behemoth post panamax containerships drive demand for the higher viscosity 500 centistoke fuel, some suppliers have found the logistics of refuelling both a problem. Total Marine Fuels general manager warned that while this can be a headache it will force some suppliers to decide on one operation or the other, as the logistics of both will not be possible unless significant investments can be made.

And despite forecasts pointing to higher compliance levels than the previous Baltic Sea Seca, testing has already revealed a high number of samples testing to be off-spec.

However, many believe that this problem is not the fault of the supplier but the lack of clarification from the International Maritime Organization, with some suppliers believing that it needs to clarify the test method and its parameters.

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