

A region on the rise?

**The Black Sea and Mediterranean bunker markets have had a mixed 12 months.
Bunkerworld's Nick Jameson takes a holistic look at the region.**

The bunker markets based in the Black Sea and Mediterranean regions are reporting mixed fortunes.

Malta is seeing sales volumes stage a substantial recovery and one of the island's major suppliers is upgrading its barge fleet.

Gibraltar has been holding its sales levels close to the record volume of just over 4 million metric tonnes (mt) set in 2005 and a new supplier remains poised to enter the market.

Algieras is expanding as a container port and bunker sales are expected to keep pace with growth in vessel traffic.

But bunker players in the Greek port of Piraeus were pessimistic about prospects for growth, pointing to fall in the number of vessels visiting the port to refuel.

There was also disappointment that the bunker market in the Russian Black Sea oil

port of Novorossiysk appeared to be falling short of its potential.

At the entrance to the Black Sea, Istanbul, however, had seen steady sales and was looking to expand terminal storage capacity.

Malta

Malta's bunker market is continuing to recover from the dip in volumes triggered by market restructuring.

The latest figures provided to Bunkerworld by the Malta Maritime Authority showed 774,446 metric tonnes (mt) of bunker fuel were sold in the Mediterranean hub in 2006.

That was up from just over 679,000 mt in 2005, an increase of over 13%.

It is still below the figure of some 1 million mt recorded in 2004, however.

The slump in sales followed the decision by the state-owned supplier

Mediterranean Offshore Bunkering Company Limited (MOBC) to pull out of the bunker market after a failed privatisation bid.

Since then a new company, Island Bunkers, has joined Falzon Service Station Ltd as one of Malta's major suppliers.

Island Bunkers recently acquired two 3,027 deadweight tonne (dwt) product tankers. They joined the five other vessels in the company's delivery fleet.

Cepsa Marine Fuels (CMF) of Spain expanded its coverage to Malta in December.

Gibraltar

Figures published by the Port of Gibraltar showed the volume of bunker fuel sold in 2006 was down slightly on 2005.

The port authority estimated sales at 3.98 million mt, a 2.6% drop from the record 4.09 million mt sold in 2005.

The fall came despite a slight increase in the number of vessels calling to bunker: 5,402 in 2006 against 5,367 the year before.

One player said the figures reflected how hard it was for Gibraltar to grow its bunker market.

"There are physical limits to how much the port can supply," he told *Bunkerworld*.

He said 4 million mt was probably close to the maximum. He pointed to the limited space available for bunker operations, confined inside Gibraltar Bay where sea conditions are calmer.

Gibraltar is also facing competition from the Spanish port of Algeciras, where scope for growth is being exploited.

More competition is likely to develop this year as the new Tangier Med port complex in northern Morocco becomes operational.

Plans are for Tangier Med to become

IS YOUR BUNKER SUPPLIER...

...PERFORMING AS YOU DEMAND?



WORLDWIDE TRADING

ATLANTIC OCEAN

WEST & EAST AFRICA

GREECE

CANARY ISLANDS

**All grades of Bunkers, Lubricants
and additional services as required**



Addax Bunkering Services

A division of
Addax BV, Geneva Branch

AN AFFILIATE OF THE ADDAX AND ORYX GROUP

12, rue Michel-Servet P.O. Box 404 1211 Geneva 12 Switzerland

Tel: (41-22) 702 90 40 **Fax:** (41-22) 702 91 40 **Telex:** 412 174 **E-mail:** abs@aogltd.com **Website:** www.addax-oryx.com

the biggest port in North Africa. It is scheduled to have its own oil and bunkering terminal.

The fall in Gibraltar's bunker sales volumes comes at a time when other bunkering ports, including Singapore and Rotterdam, have seen their bunker sales volumes rise.

The major suppliers in Gibraltar remain the companies operating within the Gibunco Group (Peninsula Petroleum, Cepsa (Gibraltar) Ltd and Maritime Gibraltar), Vemaol, and Aegean Bunkering.

Peninsula Petroleum Ltd. (Peninsula) has begun supplying low sulphur fuel oil (LSFO) in Gibraltar and a new-comer that has been poised to enter the market, Bunkers (Gibraltar) Limited, has promised to begin supplying 500 centistoke (cst) intermediate fuel oil in the hub.

Algeciras

Bunker sales have been growing in the Spanish port of Algeciras and the port itself is poised for major expansion.

Two new container terminals are under construction. They are set to almost double the port's container handling capacity to around 6.25 million TEUs.

Projects are also underway to upgrade liquid storage and bunkering facilities.

The bunker market is dominated by the Spanish oil company Cepsa (operating through Cepsa Marine Fuels) and the Spanish logistics company CLH (Compañía Logística de Hidrocarburos), which acts as a supply vehicle for Spain's largest oil company, Repsol YPF.

Together, Cepsa Marine Fuels and CLH supply around 2 million mt of bunker product in the port each year.

Piraeus

Piraeus remains a significant bunker hub in the eastern Mediterranean, but players told *Bunkerworld* that volumes were declining.

They blamed a fall in container traffic and the trend among Greek ship owners to offer their ships on time charter.



Malta's bunker market recovering amid mixed fortunes for the region

Greece was granted an extension of the deadline requiring ferry traffic to burn low-sulphur product. It has meant that demand for low sulphur fuel has been, in the words of one supplier, "almost non-existent".

That should change later this year when the extension runs out. (Ferry and passenger vessels account for a significant part of the port's bunker demand.)

Players reported that, overall, bunker supplies had been good and that local refiners would be able to meet demand for low-sulphur product once the extent of the market became clear.

for 380 cst are generally close to, or just below, Piraeus prices.

However, some observers say Novorossiysk has the capacity to more competitive.

They point out the Russian port of St. Petersburg, at the other end of European Russia but also buying product from Russian refineries, can quote prices for intermediate fuel oil (IFO) almost \$100 per mt below the Black Sea port.

They say that a handful of suppliers have become entrenched at Novorossiysk and have lost the incentive to price aggressively.

year and sales were on course to match last year's volumes of around 1.5 million mt.

The country's newly privatised oil company Tupras operates a refinery in the Gulf of Izmit.

The plant provides product to the Istanbul bunker market, although suppliers are increasingly relying on imported material, mainly from the Black Sea region.

Sources said barge congestion remained a problem, but that could be about to ease.

One reason for the congestion is that the bulk of the storage space suitable for bunker fuel is six or seven hours sailing time from the bunker anchorages.

A project is now underway to build storage capacity closer to the anchorages and the new tanks could be available within months.

Baytur Trading SA, one the port's major suppliers, has its own floating storage.

Players said demand for low-sulphur bunker fuel had been slow to develop. "We don't hear of any inquiries, but it is something we are thinking about for the future, not this year, but next year or the year after," said one supplier.

Bunker suppliers have been hearing inquiries for 500 cst bunker fuel and the grade is gradually becoming more widely available.

Istanbul prices have remained higher than the Mediterranean hub of Piraeus and higher than in the Russian Black Sea port of Novorossiysk.

The lure of Istanbul for ship operators, however, is that its position on the Bosphorus allows vessels to bunker without deviation from their route. ■

Greece was granted an extension of the deadline requiring ferry traffic to burn low-sulphur product. It has meant that demand for low sulphur fuel has been, in the words of one supplier, "almost non-existent".

"When a vessel is on time charter it is for the charterer to decide where to bunker," explained one player. In the past, he said, Greek operators had showed a preference for Piraeus, but they were no longer determining bunker buying policy.

Piraeus is also facing strong competition from suppliers in the Strait of Gibraltar and smaller bunkering centre of Malta.

Piraeus prices are generally among the lowest in the region but the Greek port requires a diversion for vessels plying the major cross-Mediterranean routes.

Demand for low-sulphur intermediate fuel oil (IFO) has also been slow to develop.

One player, talking to *Bunkerworld*, said he was not optimistic that Piraeus could quickly recover lost market share.

The pessimism must be seen against a background of industrial unrest at privatisation plans and the decision by the port's biggest single customer, MSC, to make a partial retreat from Piraeus.

The shipping line is understood to be switching some services to Italian hub of Taranto.

Novorossiysk

Players say the Novorossiysk bunker market is struggling to maintain volumes.

Prices at the Russian Black Sea oil-port

Newcomers face obstacles trying to establish a presence and that ecological regulations have been interpreted in such a way as to maintain the status-quo, according to observers.

Bunker sales volumes in 2006 were estimated to have been around 1 million mt.

Istanbul

Turkey's bunker market is dominated by Istanbul, on the entrance to the Black Sea, which accounts for around 90% of the marine fuel sold in the country's ports.

Istanbul players told *Bunkerworld* that demand had been stable so far this