

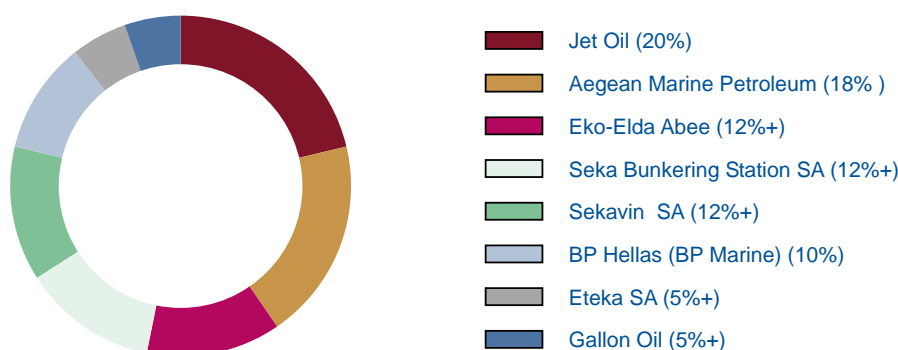
## Southern Europe (Mediterranean and Black Sea) - Piraeus

### (Annual Bunker Volumes: 3.1 to 3.2 million metric tonnes\*)

\*The size of the Piraeus bunker market is difficult to assess. If the total includes the fuel sold under contract by the two local refiners to domestic ferry lines, it is between 4.1 million and 4.2 million metric tonnes (mt) a year. Excluding the domestic contract business, the volume sold to international shipping is between 3.1 million and 3.2 million mt.

Piraeus is a major hub for regional ferry services and is growing in importance as a container port.

### The Leading Players



### Issues and Future Trends

The Piraeus bunker market is showing signs of recovery after sales fell from 3.9 million mt in 2002 to 3 million mt in 2004. Analysts blamed the decline on a shift in shipping patterns, with fewer container vessels calling at the port. That has now been reversed. As part of the trend, the Chinese shipping line COSCO began calling in the port in the first quarter of 2006.

The port itself is moving ahead with plans to increase container handling capacity by 30% to 500,000 TEUs (twenty foot equivalent units) a year. The Government has said its ultimate aim is for Piraeus to have the capacity to handle a million TEUs. Product for the Piraeus market comes from three refineries, two owned by Hellenic Petroleum (which supply approximately 60% of the bunker product) and the third being the Motor Oil Refinery (40%). Sources say the refineries have the potential to produce low sulphur intermediate fuel oil (with sulphur content of below 1.5%), should demand arise.

The market is extremely competitive. Among the oil majors, only BP remains as a supplier and its business is almost all with contract customers. One of the bunker suppliers, Eko-Elda Abee, is the retail arm of Hellenic Petroleum, although it is not the exclusive sales channel for the refiners' product. The market can be subject to shortages, either when the refiners divert product to the domestic heating oil market or when it is more profitable to sell cargoes of fuel oil for export. Regulations and infrastructure problems make the importing of fuel oil for the bunker market impractical. Piraeus bunker prices were competitive against Gibraltar for much of 2005.

There is regional political concern about ship generated air pollution and there are suggestions that parts of the Mediterranean could become SECAs (sulphur emissions control areas) where the use of low sulphur bunker fuel would be mandatory.