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Press Clipping

INTERVIEW: UAE's Gulf Petrochem to enter new markets this year

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By: Surabhi Sahu, S&P Global Platts



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- Aims to become physical supplier in Singapore
- Expansion in Europe to continue
- Plans to enter LNG trading

UAE-based bunker supplier and refiner Gulf Petrochem is eyeing an expansion into new markets and segments this year, including Singapore, as it remains on track to achieve 10% growth in bunker sales in 2017 after a reorganization of the business last year, Group Director Prerit Goel said in an interview Tuesday.

"Bunkering operations hold a very important role as it integrates to our entire supply chain," Goel said on the sidelines of the 10th International Fujairah Bunkering & Fuel Oil Forum (FUJCON 2017).

He added that the segment contributed about 24%-25% of the Group's overall revenues in 2016.

"Organic growth will be the way to go [in bunkering], although the company has looked at acquisitions in countries such as the UK in the past," he said.

Gulf Petrochem is a physical bunker supplier in India, UAE and the ARA region. The company now aims to become a physical supplier in Singapore eventually, as the market offers good growth potential, Goel said. "We are a large cargo player in Singapore. So becoming a physical supplier is a natural extension and seems to be the way forward," he said, adding that there was still room for new players.

"What the Maritime and Port Authority of Singapore has done is phenomenal. The initial fears of a volume drop after the mass flow meters mandate have dissipated after looking at the January and February bunker sales," he said, adding that a market where there is strict enforcement and a level playing field created a great pull to go there.

Besides Asia, the company will also look to grow in Europe, Chris Todd, who manages the European bunkering business based out of Rotterdam, said in the same interview. "We have lots of ideas to expand in Europe by investing in assets, barges and people," he said.

"We've done bunker sales of around 80,000 mt/month last year and are targeting 90,000-100,000 mt/month this year," he said.

Anil Keswani, who leads the East of Suez bunkering business out of the UAE, noted that business in Fujairah also has grown, "from about 60,000-70,000 mt/month a year ago to 100,000 mt/month."

Gulf Petrochem operates three barges in Fujairah. However, none of its barges are fitted with mass flow meters, as "ship operators have simply not demanded them," he said.

LNG PROSPECTS PROMISING

The company also is interested in moving into LNG, Goel said.

"LNG is definitely the future marine fuel as cleaner alternatives receive more attention to meet stricter environmental regulations," Goel said.

Most LNG has no detectable sulfur, and emissions of particles and nitrogen oxide by LNG-fueled vessels are considerably lower than for those using other marine fuels.

"Gulf Petrochem does not do LNG right now. As of now we do liquid fuels, coal and petcoke. We have recently set up a trading desk for LPG and hired a trader. However, we want to start trading in LNG, too," he said.

"In future, we could also consider becoming a ship-owner that carries LNG or a player that supplies LNG bunkers," he said. "But these are more long term goals."

STORAGE CAPACITY TO GROW

Gulf Petrochem also has storage terminals for fuel oil, gasoil, bitumen, gasoline, naphtha and base oil for its customers and for its own captive trading interests.

It has a combined storage capacity of roughly 1 million cu m across its terminals in Hamriyah (204,000 cu m), Fujairah (412,000 cu m) and Pipavav (250,000 cu m) in the western Indian state of Gujarat.

In January 2016, the company announced a \$50 million expansion plan for the Fujairah terminal. The expansion is due to be completed in March, which would help to increase storage capacity by 243,280 cu m, bringing total capacity at its Fujairah terminal to 655,280 cu m, the company said at the time.

"The expansion in Fujairah has been delayed and construction hasn't started yet," said Goel. "However, we're in talks with various customers who are willing to lease our new storage and work will commence then."

"Gulf Petrochem also plans to grow its storage capacity in India through acquisitions," Goel said, without elaborating further.