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Surabhi Sahu

INTERVIEW: UAE's GP Global eyes growth in new regions while readying for IMO 2020

UAE-based GP Global is eyeing further growth opportunities for its bunkering business by entering new regions and considering acquisitions in the run-up to new marine fuel rules next year, Group Director Prerit Goel told S&P Global Platts in an interview Tuesday.

The bunkering segment, which contributes about 24%-25% of the group's overall revenues, is targeting a 10%-15% year on year bunker sales growth in 2019, Goel said on the sidelines of the 11th International Fujairah Bunkering & Fuel Oil Forum.

The company aims to supply 5 million mt of bunkers to customers globally in 2020, he said, without elaborating on the current figure.

GP Global's bunkering team comprises over 70 people, based in offices including in Rotterdam, London, Geneva, Hull, Dubai, Mumbai, Singapore and Seoul.

The company, formerly known as Gulf Petrochem, is a physical bunker supplier in several markets including the UAE, the Amsterdam-Rotterdam-Antwerp region, west coast India and the UK. It is "close to getting physical in the port of Hull in Humber," Goel said.

"We are looking at the American markets as well because that's the missing piece and it looks interesting," Goel said, adding that the company was had plans for both trading as well as physical supply there.

"Trading and physical supplies go hand in hand. Physical for sure is very interesting because it helps us integrate the whole trading side of it," Goel said.

It has also commenced road delivery operations in the UAE focusing on the Ras Al Khaimah market, Goel said.

Meanwhile, GP Global is also the largest lifter of bunker fuel from Indian public sector undertakings, Goel said.

In Sri Lanka, GP Global works very closely with various suppliers by selling them fuel which ultimately goes into bunkering, Goel said.

The company aims to become a physical supplier in Singapore eventually, as the market offers good growth potential, Goel said, adding that GP Global was already doing volumes of close to 100,000 mt/month in the South East Asia region.

The company is not averse to the idea of mergers and acquisitions. "However, it must come with physical infrastructure," Goel said.

"We are studying one such opportunity in the Mediterranean currently," he added.

IMO 2020

The IMO 2020 rule brings more opportunities than challenges for GP Global, Goel said.

"From the bunkering business, it gets us to do something new and re-invent the wheel altogether."

Medium sized and bigger bunker players will be better equipped when the regulation is implemented as they will be able to make necessary investments and adapt to it quickly, he said.

"We're more a mid market player. We have the infrastructure ready and we have compliant fuels to face it," Goel said.

"Storage-wise, we have the capacity to handle all three products—HSFO, LSFO, and DMA," he added.

Barge operations are set to become complex in the 2020 landscape, he said.

"The group has already increased its time chartered fleet in the ARA market by 3 barges, giving them 7 barges in total, with one of them being a specialist barge focusing on 0.86 gasoil market," it said in a statement on March 27.

Meanwhile, the company is also adding more barges in other markets such as Fujairah, Goel said.

Barge operators will need to cater to a range of marine fuels, which could make it more challenging to turn around barges efficiently. So, different barges will be required to deliver fuels of varying viscosity and specifications.

"We want flexibility [in barge operations]... because we have to carry different grades. Investments are being made from now onwards so that we are ready by 2020," Goel said.

The company was getting many inquiries for 0.5% sulfur compliant fuels but the ask-bid spread was very wide, Goel said.

"Nobody wants to spend more today, it's really in the last quarter when things will start firming up," Goel said.

Goel said that it was very difficult to decide what the segregation or the fuel split would be on a delivered bunker basis.

“It all boils down to demand,” Goel said.

2020 will entail heavy infrastructure spend and a lot more storage requirement because two customers who were buying HSFO for say, the last 10 years, could now have completely different needs, he said.

“You have to face any kind of demand at short notice and that's what we are prepping to do,” he said.

Surabhi Sahu, 28th March 2019 06:50 GMT