



State-of-the-art European marine bunker market

Executive Summary

The introduction of the Directive 1999/32/EC from January 1st, 2003 will limit the sulphur content of inland fuel oil to a maximum of 1%. This will create a disposal issue for the oil refining industry for high sulphur fuel oil components.

The objective for this task was to establish a picture of the present European marine fuel market. In order to collect information in an area where statistical material is scarce, major players in the marine bunker market have been approached.

A review has been undertaken of the current bunker markets within Europe and an assessment made of the implications that would result from the introduction of tighter sulphur specifications.

An alternative outlet for high sulphur fuel oil is the bunker market. However, if tighter sulphur specifications are introduced for bunkers, this will reduce the capability of refineries to support the bunker market.

The capability of the oil refining industry to produce more low sulphur fuel oil for both the inland and the bunkers market is limited through a combination of factors such as the availability of low sulphur crudes and the configuration of the refineries to cope with the different product volumes associated with high and low sulphur crudes.

The oil industry is unlikely to consider the bunkers market as a particularly attractive market within which to make substantial investments to convert high sulphur components into low sulphur fuel.

The required use of low sulphur (1.5%) bunkers within EU territorial waters, with even tighter sulphur specifications (0.2%) within port areas will present a major challenge for the marine business in terms of segregation of fuels both in ship and shore tankage and delivery systems.

More work needs to be done to quantify the impact of the above changes in respect to the ability of the refining industry to meet the changing demand, and to assess the overall cost impact on the business. This should take account of work currently being undertaken by Concawe into the impact on the European oil industry resulting from the introduction of lower sulphur specifications for both inland and marine fuels.