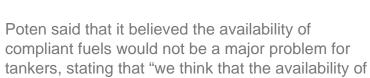
Shipping industry generally

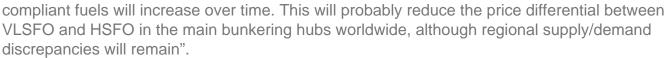
By Insurance Marine News, 17th January 2020



The shipping industry has coped better than expected in the first two weeks of the imposition of the IMO 2020 sulphur cap, according to Poten Tanker Opinion.

It said that oil companies, bunker providers and other market participants had used the long notice period to build up their inventories, enabling them to handle a surge in demand for compliant fuels.





Poten & Partners said there had been some reports of tight availability of very low sulphur fuel oil (VLSFO) in a few ports. Specifically, it was reported that vessels were faced with long waiting times at the ports of Gibraltar and Singapore where ships were queuing to bunker compliant fuels.

No major issues had yet been reported as to the quality of bunkers but Poten accepted that problems arising from varying fuel quality globally could take some time to evolve. It said that a great deal had to do with the owners being diligent in sampling/testing fuels beforehand – a point that has been emphasized by all the P&I Clubs in their notices to members.

Poten pointed to another potential issue – possible localized shortages of high sulphur fuel oil (HSFO). Scrubbers represented an estimated 12% of the tanker fleet, so demand for HSFO has fallen dramatically. Poten said that marine fuel suppliers might stop having dedicated storage tanks and bunker barges to HSFO in smaller bunker ports. "Shipping companies that own vessels with scrubbers will need to do more bunker planning and, in some case, may deviate their vessel from its optimal route in search of high sulphur bunkers," Poten said.

International Union of Marine Insurance

"If long-term availability of HSFO is maintained and the economics continue to make sense, we expect more scrubber installations on larger vessels employed on long-haul trades. For larger product tankers (LR1s/LR2s) on the long-haul AG-East trades, scrubbers also appear to be a good investment. Scrubbers are not without problems and challenges, but unless there are significant regulatory changes, we expect scrubbers are here to stay. Over time, they will get better, become more reliable and cheaper to operate", Poten concluded.

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