

South African Marine Fuels (SAMF)

Date: 23 July 2019



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Background

Anticipated Challenges

Bunkering Readiness – SAMF

Authority support required

- In 2016, the International Marine Organization (IMO) agreed to globally limit the sulfur content in all marine fuels to 0.5 percent by the beginning of 2020 with the exception of fuel burned in Sulphur Emission Control Regions which are already at lower Sulphur limits.
- Importance-It is the most impactful environmental regulation to date
- Massive changes and challenges for the Industry
- Global market view is that we will see 4 types of Marine Fuels post January 1 2020
 - 0.5% compliant fuels (MGO, VLSFO,
 - Alternate Fuels – LNG,LPG Methanol
 - HSFO- Scrubbers
 - Non-Compliance!

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- **Sulphur 2020 affects approx. 75% of current demand for Marine Fuel.**
 - Refineries
 - Shore Terminals
 - Tank Farms
 - Bunkering Operations/Trading (Credit risk Management)

 - **Low or non - availability of locally produced LSFO in SA**
 - Unclear on local refinery availability options
 - BP , Astron- Advise LSFO availability for 2020
 - Shell have commented on successful product trails.
 - Globally more potential options for Import – or supply of GO compliance grades

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- **Quality concerns – Global issue**
 - **No new spec – product to comply with ISO 8217 conforming to MARPOL Annex VI**
 - If no consistent supplier of Avail LSFO (i.e. a refinery) challenges to ensure quality remains “similar” -i.e. regionally seeing wide variances of specs available –on density /viscosity
 - What does this mean?
 - Can create problems for shipowners due to contamination and instability with residue barrels co-mingled with different parameters.

SAMF- Offshore Bunkering supplier

- **Bunker Delivery Note (BDN) already 2020 compliant**
- **Basis demand/availability of supply/economics – Intention LSFO, GO and HFO(for ships fitted with scrubbers) from end Q4**
- **Compatibility issues on stability/contamination**
- **Understanding local authorities updated regulations for Sulphur 2020**

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- **Barge Bunkering** - expensive Operation with extremely high costs that can only be viable and sustainable with volume turnover in a highly competitive market
 - **Offshore Bunkering still a new industry for South Africa that has opened up successful economical regional growth for companies operating throughout the sector**
 - Across the Value chain !! Ship Chandlers, Agents, launch boat operators etc to transportation, hotels, farmers, hospitals etc)
 - **South Africa capability to be a major market leader in Bunker supplies and marine services in the GLOBAL MARKET.**
 - Important we maintain a stable market for the services – any type of uncertainty will lose key customers

An aerial photograph of a desert landscape, showing a long, straight road cutting through the golden sand. A white tanker truck with a red cab is driving on the road. The image is overlaid with a large red rectangular area that contains the text and logos.

Thank you



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