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Fujairah Set to Install LNG Storage Facilities

The United Arab Emirates' Port of Fujairah, the world's second-largest fuel oil bunkering hub, is working on plans to install LNG storage facilities amid expectations that demand from shippers for the super-cooled gas will increase as new emission standards for marine fuels come into force from 2020 (IOD Oct.28'16).

Fujairah is mulling the construction of LNG bunkering facilities at the government-owned Port of Fujairah as shippers around the globe prepare to meet new International Maritime Organization (IMO) regulations aimed at reducing the maximum sulfur limit in marine fuels to 0.5% from 3.5% starting in January 2020.

The stipulation means global shippers will have to switch to low-sulfur fuels or install emission-cleaning scrubbers on their vessels that will allow them to continue using high-sulfur fuel oil (IOD Mar.1'17). Another option is to switch to LNG-powered vessels.

"We would like to enter this area so we are exploring what we can do to facilitate that," Salem Khalil, technical advisor to the government of Fujairah, told *International Oil Daily* on the sidelines of the Conference Connection's Fujairah Bunkering & Fuel Oil Forum (Fujcon) 2017.

"We will also start looking for an investor," he added.

The number of ships using LNG as fuel remains limited and views diverge on how quickly LNG-fired vessels will join the global fleet. But industry experts say the number is inevitably set to grow in the longer term — especially once new vessel orders pick up after the industry emerges from the present downturn — as shippers seek to meet IMO regulations.

Fujairah, the only emirate on the UAE's eastern coast outside of the strategic Strait of Hormuz shipping choke point, expects LNG to augment its marine bunkering fuel facilities, which after

2020 will also increasingly see high-sulfur fuel replaced with lighter alternatives.

Port of Fujairah general manager, Captain Mousa Murad, told *International Oil Daily* that a LNG bunkering project would take until after 2020 to be completed. However, the port will start offering LNG ship-to-ship (STS) transfers by the end of April, Murad said, adding that this would enable large LNG vessels to provide fuel to smaller ones.

"There's demand for [this]," he said.

The port has already dedicated an area to carry out LNG STS transfers and is presently finalizing the required regulations, Murad added. The port will also provide towage, while the transfer via flexible cryogenic hoses is set to be handled by a private company, he said.

Thanks to its strategic placement outside Hormuz, the Port of Fujairah has expanded rapidly over the past decade. The port also benefits by its location between Europe and Asia on the one hand and the rapid build-up in infrastructure on the other. Its total tank capacity, for crude oil and petroleum products, presently stands at nearly 10 million cubic meters, which is set to rise to around 14 MMcm in 2019.

Highlighting the port's strategic importance, Abu Dhabi built a 400 kilometer, 1.5 million barrel per day crude pipeline to Fujairah in 2012 along with storage infrastructure, to allow exports to circumvent Hormuz and reduce shipment times to key markets such as Asia (IOD Jul.17'12).

In September, the UAE inaugurated its first very large crude carrier jetty at the port (IOD Sep.22'16). 

Oliver Klaus, Fujairah