



The 12th International Fujairah Bunkering & Fuel Oil Forum Fuelling The Future - Solutions & Challenges

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FUJAIRAH
BUNKERING
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FUJCON 2021: Panellists discuss limits to regulations and digitalisation in bunker trade fraud prevention

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Note: The following article was edited on 31 March to change a portion of Deanna MacDonald's quote.

At the 12th Fujairah International Bunkering and Fuel Oil Virtual Forum (FUJCON 2021) held on Tuesday, 23 March and Wednesday, 24 March panellists representing various maritime technology solutions shared their outlook on digitalisation in the maritime industry.

While various aspects of digitalisation were covered, the subject of fraud and regulations in relation to technology seemed to be of particular interest during Session 4B: Digitalization of the Marine Industry.

“What is often absent from conversations is that there’s quite a lot of fraud in the bunkering supply chain, from the adulteration of the quality of fuels by blending and mixing fuels, or if it’s on the quantity side whether fuels are under reported and money skimmed off the top and most of these

challenges have existed for quite some time,” noted Deanna MacDonald, CEO and Co-founder of Bloc/Bunker Trace.

“I think there’s a lot of insecurity around this sector if you can’t commoditize it, you can’t finance it, and if you can’t trust the assets that are moving through this supply chain [...] fundamentally that is the biggest challenge that the bunkering sector faces right now, not least of all, because finance is going to move out of this sector if it continues.

“Bunker quantity disputes can add significant costs to a shipping company’s bottom line. The average financial losses, per vessel per year, can be \$100,000 even with low fuel costs, according to VPS.”

Kevin Peng, Managing Director of Brightree Pte Ltd noted that with the bunkering fraud cases in Singapore in the past few years, the push factor actually comes from the banks in Singapore to push for digitisation in the bunkering process.

Brightree provides technological solutions in the form of a data logger that can encapsulate blockchain nodes of information along the supply chain that can be shared secretly among key stakeholders, notably the banks.

“Banks want to have this transparency and security so that they can be assured of the physical bunker transfer and therefore to minimise fraud. Regulatory bodies such as MPA and class societies will also want access to this information to ensure players are compliant with regulations,” said Peng.

Soren Christian Meyer, Chief Executive Officer, ZeroNorth added that if owners, operators and charterers continue to work in ‘data siloes’, there is a limit to the capabilities of the industry.

Meyer suggests a paradigm shift where trusted data is shared for it to be more impactful in terms of profits for the industry as a whole- and profits are a more effective motivation than regulations.

“We are all optimising for our own business, and of course, we should. But if we could change the model and have trusted data, so we can actually [...] make the cake bigger for all of us [...] I think that that is exactly what is needed, not only from the bunkers suppliers but the vessel operators and their customers who are actually paying for the transport,” he said.

“I think it’s much more about how we collectively share data and make interactions where we all make more money.

“Then we can have regulations coming in to support that and streamline it, but I think that is where we need to start. Because the profits for the industry is what’s going to drive the real change, not only regulations.”

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