With roots tracing back more than 140 years, Bunker Holding is one of the bunkering trailblazers of the 1980s.
Now, the bunker industry is holding its breath and trying to prepare in due time for the prognosed changes in the industry pending 2020. That year the industry will see fundamental changes to many of the usual factors characterising the bunker industry due to the new sulphur requirements from 2020 and onwards. Over the next decades, the shipping industry may transform from fuel oil to other greener solutions like distillates, LNG or others. In the meantime, a changing selection of oil products will dominate the market. But which product composition, quality, availability and not least pricing is uncertain so the agenda of the well-known is gone and a whole new set of rules are waiting in the aisle.

A cap that will rock the whole industry

In October 2016 the IMO ratified that from 2020 and onwards, the present 3.5% global sulphur cap on bunker fuel will be lowered to just 0.5%. Everybody in the industry is now discussing the sulphur limit on marine fuel - one of the very tangible rules of 2020. Compliance with the new fuel specification will entail significant costs for both the refining and the shipping industries. For the refining industry, the regulation means that the industry will have to shift its product mix and provide an increasing supply of low-sulphur bunker fuels. And how the shipping industry adapts will influence refiners. The sulphur limit is a cap that will undoubtedly rock the entire shipping industry. The great majority states that the sulphur cap will rock the boat, so to speak. And the way to get there – to meet the demand and be ready for January 2020 - may turn out to be a long and bumpy ride for the weaker players in the bunker industry, but not for Bunker Holding. We know when it’s time to do things differently. And we are taking the required steps to make sure we are ready and can leverage our unique position in the supply chain.

WHY IS 2020 AN IMPORTANT YEAR FOR THE SHIPPING INDUSTRY?

The International Maritime Organisation (IMO) has decided to bring in a sharp cut in marine fuel sulphur limits from 1 January 2020. The sulphur limits for bunker fuels worldwide must be cut from 3.5% to 0.5%. This is a major change in fuel consumption habits. Vessel owners must shift to other products or install scrubbers to cope with the emission control cap.

WHAT DOES 2020 REQUIRE?

— Financial robustness
— Expertise by industry professionals
— Profound understanding of supply and demand patterns
— Strong business partnerships
— Action-minded management – diversify from the “wait and see” approach

TACKLING 2020

We acknowledge the many changes in 2020 but we feel ready and prepared to sail smoothly in troubled waters.
The shipping industry will most probably adopt to and cope with the emission demands in three different ways:

1. The ship operators will purchase compliant bunker products i.e. switch to VLSFO (sulphur content of max 0.5%) and/or distillates.

2. The ship operators will install on-board exhaust gas cleaning systems, known as scrubbers. They remove sulphur dioxide emissions from the exhaust and allow shippers to continue burning high-sulphur fuel oil.

3. The ship operators will make vessel modifications and switch to alternative products such as liquefied natural gas (LNG).

The right tools in the toolkit
Bunker Holding is among the optimistic players who claim that the regulations of the environmental impacts of shipping are a positive move for the market. We are preparing ourselves for the supply issues, the need for additional financing etc. and are of the clear conviction that every department in the organisation is mature and will have the right tools in the toolkit entering the new era.

The role as the trusted advisor
For a fuel supplier it is important, now more than ever, to have good knowledge of the parameters determining supply and demand on the global bunker market. Detailed knowledge about the diversified qualities is king. Having a fruitful dialogue with the producers and customers on various possibilities and opportunities makes the whole difference. Bunker Holding makes efforts to stand out having fruitful business partnerships and is already invited as a keynote speaker on conferences providing the bunker industry with valuable expert knowledge. We aim to safely guide customers through the transition to low-sulphur fuels and become a trusted advisor both as supplier or business partner.

History tracing 40 years back
With history tracing almost 40 years back, Bunker Holding is ready to navigate even heavy changes in the industry. 2020 is not the first obstacle for the industry and more will come. Therefore, Bunker Holding welcomes the 2020 changes and all that it implies in the value chain. The biggest and the financially strongest suppliers will become the winners when supply is expected to be a challenge and prices on bunkers will enviably rise.

Remaining a rock-solid partner
Right now, there is an increasing polarity between the large global bunker companies and the smaller, the in-between companies, and finally geographically niche companies. The latter will survive but will need to enter into joint ventures with larger businesses. For the in-between companies, life will be even more tough in 2020. Some market observers predict fuel costs to increase as much as 50%. Suppliers tend to rely on financially strong partners. Bunker Holding stands out as a large global bunker company and a financially rock-solid partner that is now ready to take industry leadership.

Are the expected 2020 changes in reality the perfect storm or will the changes just rock the boat? Yes and no. Rocking the boat and even storms are just fine. We have the greatest experience sailing in troubled waters.