Long-Term Global Oil Service

Outlook for Marine Bunkers & Fuel Oil to 2035

Establishing clarity to the uncertain outlook for the International bunker fuels market

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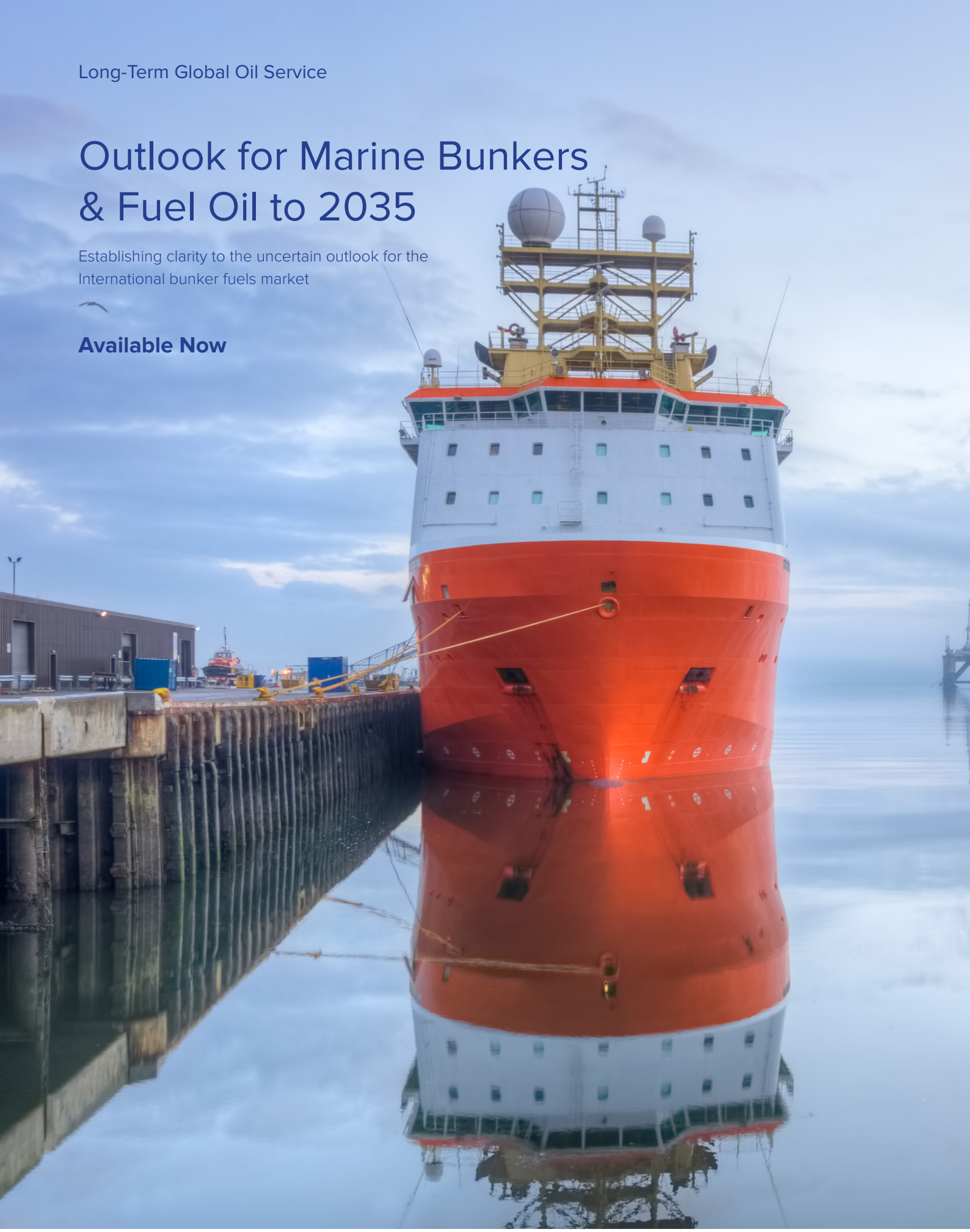

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ROBIN MEECH
Marine and Energy Consulting Limited

FGE
FACTS GLOBAL ENERGY

FGE and Marine & Energy Consulting Ltd, are combining their expertise again to provide an up-to-date assessment of how the global bunker market is changing over the medium & long-term.

Overview

This study reviews the potential future legislation, technological advancements and market pressures so as to provide a detailed but clear perspective on the potential implications for the refining and bunker industries over the next two decades.

This will be the 4th update of the original study completed in 2005, in which we examined the complex issues surrounding the bunker fuels market. During this time it has established a position at the forefront of identifying and assessing the implications of the consistent moves towards tightening fuel specifications in this market. The picture, however, continues to become more obscure as the target date of 2020 for introducing the 0.5% Sulphur cap looms ever near.

Key questions address in this study

- How are the shipping and bunker industries reacting to the inexorable move towards lower sulphur fuels in Emission Control Areas (ECA) and Globally?
- Will ECA's spread further? If so, how could this change the picture?
- With the proposed timetable for the Global cap introduction looking increasingly impossible in 2020, what are the potential scenarios thereafter.
- What levels of compliance will be achieved?
- To what extent will abatement technology (on-board SOx and NOx scrubbers) play in setting the legislation time frame?
- How rapidly will LNG and other alternative fuels penetrate the conventional bunker market?
- Can the levels of energy efficiency mandated by the EEDI be achieved?
- How prepared is the refining industry to meet lower sulphur fuel requirements from shipping, resulting in a sharp rise in diesel demand?

Report Structure

The report is split into two main sections, with an executive summary highlighting the key points. Section 1 is more technical and focused, and discusses:

- The legislation time-frame and the optionality within it, its intention and linkage to other legislation.
- Abatement technology e.g. scrubbers, the costs and benefits involved and the likely adoption of it.
- Energy efficiency – by design and by improved operations including slow steaming.
- The option of LNG as a bunker fuel:
  - ◊ The impact on the fleet for both new builds and for retrofitting.
  - ◊ The economics, and market penetration.
- Bunker demand:
  - ◊ By fuel type and by region with sensitivities.
  - ◊ The impact of the global cap in 2025 (base case) and the potential early introduction in 2020.

Section 2 looks at the impact on refining and products trade:

- Long term oil demand.
- How product demand is changing, and how refiners can respond to meet the challenge:
  - ◊ Operational flexibility.
  - ◊ Options for residue upgrading.
- The outlook for refinery capability:
  - ◊ Refinery investment especially in upgrading plants.
  - ◊ Throughput requirements and level of utilization.
- A review of the distillate and fuel oil markets and how they develop over time.
- A discussion on the impacts of the legislation:
  - ◊ In 2015 (ECA's to 0.1%S)
  - ◊ In 2025 base case assumption for the global cap moving to 0.5%S
  - ◊ In 2020 for an early adoption of the global cap.

Who will benefit from this study?

Refining companies
Will be able to see how the proposed legislation will impact the demand on refining system allowing better planning of any investment.

Ship Owners, Charterers, Operators, and Storage Owners
Ship owners, operators, and charterers will get an appreciation of how the demand for fuel oil will reduce and demand for gasoil and other alternative fuels will increase. Together with a forecast of prices and price differentials they will be able to review the economics of the various fuel and investment options.

Bunker suppliers, Port owners, and Operators
The study provides information on how bunker demand by type will develop over time. This will better enable them to plan the infrastructure and investment required to meet these demands.

Trading community
Through this study, the trading community will see how bunker demand by quality, and by region, will develop. This will then help them develop trading strategies and better manage their bunk fuel supply chains.

Environmental Policy Makers
Environmental Policy Makers will see how the shipping and refining community will need to invest in order to meet the changing product quality requirements.

Methodology

The report provides a new, independently assessed projection of regional bunker demand based upon original data sources and taking into account technical developments in scrubber design, fuel efficiency and alternative fuels.

On the supply side, based on FGE's long experience in refining analysis, and using detailed assessment of capacity and the application of a proprietary refining model, conclusions are drawn as to the capability of the refining sector to meet the changing fuel requirements.

Chart 1 -
Demand Shifting from Residuals to Distillates

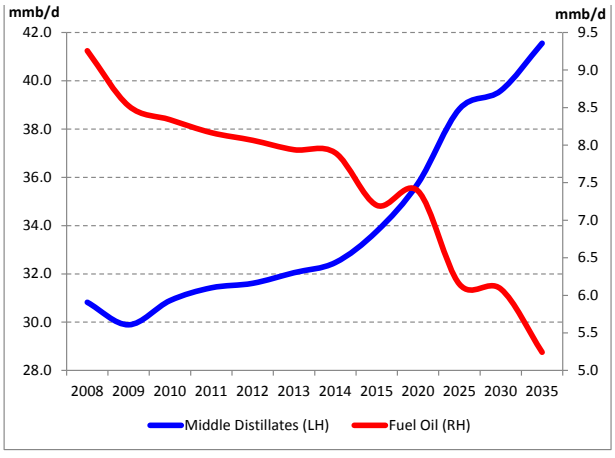
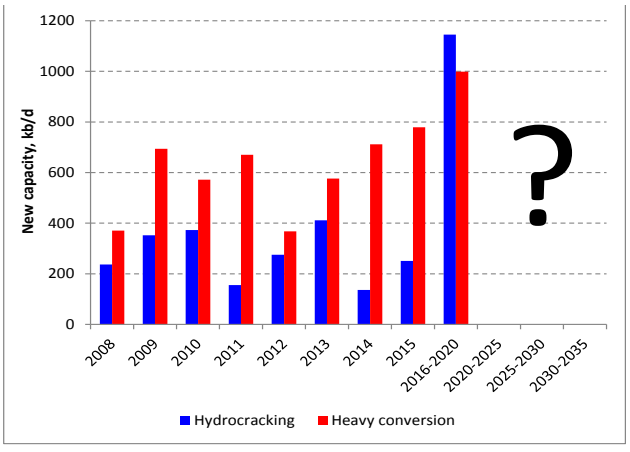


Chart 2 -
Can Refinery Investment Meet the Challenges?



Deliverables

1 Hard-copy report	Access to FGE and Marine & Energy Consulting Ltd. Analysts and consultants

Fees and Contact Information

The price of this study is £10,000 GBP. Discounts are available to previous buyers of the report.

If you are interested in obtaining further information on this study, or would like to order the "Outlook for Marine Bunkers and Fuel Oil to 2035", you can contact FGE's Marketing Department, or Robin Meech:

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