

# BUNKERSPOT

## THE SHOCK OF THE NEW

ADAPTING TO COMMERCIAL,  
OPERATIONAL AND REGULATORY  
CHANGES



INSIDE:

FUEL MANAGEMENT  
BUNKER FUEL PRICING  
RECRUITMENT  
LNG

# Rock of Ages

Recent political and commercial developments have brought the prospect of LNG bunkering at the Port of Gibraltar one step closer, but the UK's decision to exit the European Union potentially leaves the Overseas Territory facing new challenges. Rhys Berry caught up with Commodore Bob Sanguinetti to reflect on what has been a remarkable year for the port

**I**t has been quite a year for the Port of Gibraltar. An announcement in January by the Gibraltar Port Authority (GPA) recording an upswing in demand for bunkers was followed in March by a call for expressions of interest for a 225,000 cubic metre-capacity land-based fuel storage facility at the Overseas Territory. This increase in marine fuel sales can largely be attributed to a rise in the number of cruise ship and superyachts calling at the port, and so it was no great surprise when the GPA announced in April that it was to expand its marine fuelling points, having recently constructed a new local marina.

'In terms of statistics, both [cruise vessels and yacht visits] are up on last year,' Commodore Bob Sanguinetti, CEO and Captain of the Port of Gibraltar, told *Bunkerspot* earlier this year. 'We're expecting 18 inaugural calls this year.'

Perhaps the most significant development, however, was the August announcement by the Government of Gibraltar (GoG) that it had signed an agreement with Shell for the supply of liquefied natural gas (LNG). Notably, this agreement also includes the potential for LNG bunkering operations, much to the chagrin of the Opposition Gibraltar Social Democrats (GSD) party who, as well as the Environmental



Safety Group, a Gibraltar-based non-governmental organisation, have consistently voiced concerns over the safety of the so-called clean fuel, and the prospect of ships refuelling at the LNG terminal, which is currently under construction. Shortly after the GoG revealed details of the deal, the Port of Gibraltar announced it had signed an LNG bunker market development agreement with Shell.

Furthermore, the decision taken by the UK to exit the European Union in June – a decision not shared by 97% of Gibraltarians – has further tested Anglo-Spanish relations, while in July, it was reported that a UK nuclear submarine was involved in what the UK Ministry of Defence described as a ‘glancing collision’ with a Panamanian-flagged oceangoing product tanker.

All things considered, 2016 will prove to be a historic year for the Port of Gibraltar. In November, the International Bunker Industry Association’s (IBIA) Annual Convention comes to town. The association’s annual gathering is being held in conjunction with HM Government of Gibraltar and the GPA, having successfully hosted the IBIA Regional Forum in February this year.

*Bunkerspot* caught up with Commodore Bob Sanguinetti to discuss recent LNG developments at the port.

#### **How important was it to sign the LNG bunker market development agreement with Shell?**

It’s an exciting development for Gibraltar. It highlights the fact that we’ve got one eye on the future and the likelihood that LNG will form a part of the marine fuels available in the years to come, and we’re delighted to team up with a world class organisation like Shell and become a part of the global network of LNG.

#### **There has been opposition to the deal signed by the Government of Gibraltar and**

‘I don’t necessarily view us as being in direct competition with other ports in the region’

#### **Shell, not least by the GSD party as well as environmental groups who have voiced concern over the safety of LNG bunkering.**

I won’t dwell on the political aspects because it’s not my business – I deal with the operational aspects. However, the Port of Gibraltar would not be delivering on this project unless all environmental and safety standards are met, if not exceeded.

Working with a world-class organisation like Shell, who has a first-class safety record, once again will reinforce the government’s and the port’s commitment to adhere to the relevant regulations and conditions; make sure that we undergo the relevant training to cope with this new development; and apply the relevant regulations and legislation to make sure that we provide an entirely safe and environmentally-friendly framework for operations in the port, as we do with all other aspects of activity in the port.

#### **The southern Mediterranean is a competitive region. In commercial terms, how significant will the availability of LNG be to Gibraltar?**

It adds another service to the wide range of services that we already provide. I don’t necessarily view us as being in direct competition with other ports in the region. In some cases,

our services and the way we do business is complementary. For example, Algeciras is very much a container-focussed port. We are very much focussed on tramp [trade] vessels and vessels that are constantly changing their itineraries and routes. What this does is illustrate the fact that we listen to the shipping community, we take a long-term view and we ensure that we continue to provide the best possible and widest range of services to satisfy the needs of the shipping community.

#### **In November 2015 Bomin announced it was exiting Gibraltar, while in July this year Aegean Marine Petroleum Network Inc. (Aegean) halted bunkering operations in neighbouring Algeciras. How do you view the Mediterranean bunker market and specifically the market in Gibraltar?**

I think what’s clear is that the demand for bunkers is not going away. Shipping, notwithstanding the current challenges, will continue to grow in the longer term because global trade will continue making use of the maritime environment as a preferred means of transportation. The routes might vary depending on developments around the world, and the nature of the fuel is likely to change as we go through time. There will be political dynamics, environmental issues to take into account that will impact on the shipping community and how it needs to adapt to continue servicing the global market.

So I see the backdrop as a rosy one because it’s going to continue to grow. Clearly there are players who come and go in the bunker market and what that tells me – and you mention Bomin having left Gibraltar almost a year ago and Aegean more recently having left Algeciras – is that the bunker market is not fixed and clearly bunker suppliers will do what they need to do to sustain if not grow their business. What we provide

'The bottom line for us is that obviously the location of Gibraltar will not change regardless of Brexit'



in Gibraltar, I think, is an environment which has just the right balance between governance, oversight and the maintenance of safety and environmental standards, whilst also providing an efficient environment conducive to high turnover of bunkering and of vessels.

We are flexible, we are approachable, and we have a very good working professional and personal relationship with the bunker suppliers, with the shipping agents and with the other service providers in the port, which means we're better able to sit down and talk face-to-face with people who are doing business in our busy waters.

#### Is Gibraltar prepared for the global 0.5% sulphur cap?

I think Gibraltar is very well-placed to deal with this. Between the port authority and Port State Control, we have a very good oversight of shipping activity in Gibraltar waters and, by extension, in European waters. In terms of overseeing the legislation as it comes into play and as it's modified over time, there is no difficulty. It is a small harbour – the team is already out there doing sulphur content control and responding to any queries and concerns raised by either bunker suppliers or by ship-owners or operators.

#### What impact, if any, will the United Kingdom's decision to exit the European Union have on the Port of Gibraltar?

There is work ongoing as part of a wider government initiative to look at the potential implications of any developments following the Brexit decision, so you would expect us to be doing that prudent planning. We're watching developments closely. The bottom line for us is that obviously the location of Gibraltar will not change regardless of Brexit – we will continue to be close to very busy shipping lanes. We are able to draw on our decades,

if not centuries, of supporting the shipping community and the experience we've built up over time and the relationships we enjoy. Whatever the service is that the shipping community might need, regardless of whether it's affected by Brexit or not, we will be able to adapt to it.

I think we will still be a bunker port. We strive to remain as the premier bunker port in the Mediterranean both in terms of quantity and the quality of service that we provide. We are still actively studying proposals put forward for land-based storage because we see this as something that we need to look more closely at, and there's also a couple of other smaller scale developments taking place in the port which will increase and improve the infrastructure for the bunkering of cruise, superyacht and coaster vessels to take bunkers ex-pipe.

#### Could you provide an update on the recent infrastructural developments at the port?

'We have some operational trials taking place on additional fuelling points alongside, and that project is set to continue over the next year or so. We will see, I hope, an increase in the number of coasters coming to Gibraltar, both for fuel and for wider services like stores, spares, and crew changes. There's also been some work done on the infrastructure supporting the one floating storage vessel that we have in Gibraltar which allows greater capacity of that vessel to be used, therefore increasing the efficiency for that particular bunker supplier.

#### How important will hosting IBIA's annual convention in November be to the Gibraltar bunker market?

It is hugely significant to the bunkering aspects of Gibraltar but, equally importantly, it is hugely significant to the Port of Gibraltar in



Commodore Bob Sanguinetti

reinforcing its status as a centre of maritime excellence with utility across the whole shipping community.

IBIA is hoping to attract a large number of senior members from the shipping community – not just from bunkering – but ship management and ship operations more widely. They will be able to see first-hand what we do in Gibraltar and how we do it.

For those who are not overly-familiar with Gibraltar, it will give them the opportunity to reflect on perhaps what more their companies, their shipping lines, could be doing to take advantage of what we have on offer at the port.

I think it's a very exciting initiative for Gibraltar as well as for IBIA.

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